Austria Sch22	Indonesia ... Rp3100	Portugal Esc120
Bahrain ... Din0.650	Israel NS3.50	S.Arabia Rls7.00
Belgium BFr48	Italy L1700	Singapore ... S$4.10
Canada ...... C$1.00	Japan Y600	Spain Pta145
Cyprus ...... C£0.90	Jordan Fils.500	Sri Lanka Rup30
Denmark . DKr10.00	Kuwait Fils.500	Sweden SKr9.00
Egypt .... E£2.25	Lebanon .. SL125.00	Switz SFr2.30
Finland ... Fmk7.00	Lux LFr48	Taiwan .... NT$85
France FFr6.50	Malaysia Rlo4.25	Thailand Bht50
Germany ... DM2.30	Mexico Pes300	Tunisia Din0.800
Greece Dr120	Morocco Dh6.00	Turkey L600
Hong Kong... HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway ... Nkr10.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,584 Friday July 8 1988 D 8523 A

Philippines US bases: nationalism prevails over logic, Page 3

World News

Palestinian dissidents oust Arafat guerrillas

Dissident Palestinian fighters ousted PLO chief Yassir Arafat's guerrilla supporters from Beirut, seizing virtually all of his last stronghold and handing Syria a major political victory.

Syrian-backed fighters from Abu Musa's breakaway Fatah group controlled most of the Bourj al-Barajneh refugee camp after a four-hour assault. Arafat'a other main stronghold, the nearby Shatila camp, fell to Musa's forces on June 27.

Armenia strike spreads

A general strike in support of demands for new regional boundaries spread from the capital, Yerevan, to the rest of Soviet Armenia, bringing industry and transport almost to a standstill. Page 2

Poles threaten stoppage

Workers at an engineering plant in southern Poland threatened to strike during next week's visit by Soviet leader Mikhail Gorbachev if seven sacked colleagues were not reinstated. Page 2

Takeshita scandal link

A long-serving aide of Japanese Prime Minister Noboru Takeshita was named in a growing scandal over windfall profits made by highly placed political officials on s stock market flotation. Mr Takeshita feared the scandal would affect debates on tax reform due to start later this month. Page 16

French minister quits

French cancer specialist Leon Schwarzenberg resigned as Health Minister after only 10 days in the job, following a storm of protest over his plan to hand out narcotics to drug addicts. He had also proposed AIDS tests for pregnant women.

Fewer EC jobless

The number of people out of work in the European Community fell by 200,000 to 15.9m in May, but the seasonally adjusted rate remained unchanged at 10.3 per cent, according to EC statistics.

Chad-Libya talks

Chad and Libya, at loggerheads for 15 years over the Aozou border strip, began their first direct talks in Libreville, Gabon, in an effort to normalise relations.

Death sentences sought

A military court in Istanbul demanded the death penalty for 88 left-wing militants accused of armed action aimed at overthrowing the constitution and the national assembly.

Kabul bomb blast

One person was killed and several wounded when a car bomb exploded in the Afghan capital of Kabul, the second such attack in two days. Political chaos, Page 2

Burmese reform talks

Burma's ruling socialist party said it would hold an emergency meeting on July 23 to reform economic policy.

Activists freed

Five anti-apartheid activists were released after being detained without trial for as long as two years under South Africa's national state of emergency.

Toxic waste penalties

Ivory Coast adopted new legislation under which anyone caught dumping toxic waste could be jailed for up to 20 years and fined $2m. The moved followed scandals over the dumping in West Africa of materials from industrialised nations.

Soviets aim at Mars

Soviet spacecraft Phohos I, loaded with instruments from 13 countries, was launched on a 200-day trip to Mars – which it was scheduled to orbit while it landed probes on one of the planet's moons.

Business Summary

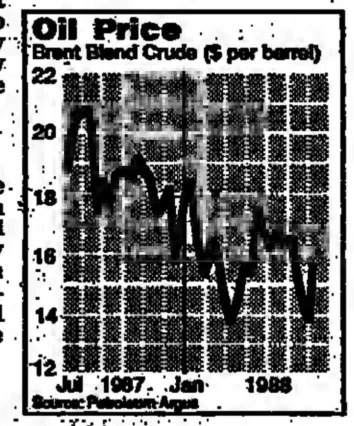
NCNB plans to make bid for First Republic

NCNB, rapidly growing US regional banking group, has made a formal proposal to acquire First RepublicBank, rescued by the Federal Government last March. Page 17

ALITALIA chairman, Mr Umberto Nordio, was last night being forced out of his job in a move by IRI, which has majority control of the Italian state airline. Page 16

LONDON: The weak overnight performance on Wall Street and uncertain currency scene hit international stocks. Concern over interest rates also knocked sentiment and the FT-SE 100 index lost 14.5 to 1,855.5 with 469.3m shares traded. Page 36

TOKYO: The yen's wild fluctuations after a rally against the dollar led to profit-taking but buying of automobile, drug and consumer-related stocks helped the Nikkei average post a gain of 38.47, closing at 27,728.13 on trading of 1.88bn shares. Page 40



WALL STREET: A sharp decline in the dollar took its toll on bond and stock prices in early trading but all three markets recovered as the day progressed. At 2 pm, the Dow Jones Industrial Average was down 12.68 at 2117.53. Page 40

STERLING closed in London at $1.7175 ($1.7125), DM3.1200 (DM3.1200), Y225.25 (Y228.75), SFr2.5925 (SFr2.5900), FFr10.4975 (FFr10.4975). Page 29

DOLLAR closed in London at DM1.8165 (DM1.8220); Y131.70 (Y133.60), SFr1.5100 (SFr1.5125), FFr6.1125 (FFr6.1300). Page 29

VIRGIN, UK leisure group plans to become a private company once more, within three months and less than two years after a £55m flotation. Following the announcement the share price rose from 98¼p to close at 116p. Page 17

BRITISH TELECOM has agreed with Oftel, the regulatory body for the UK telecommunications industry, to freeze domestic prices until the start of August next year.

AN AIDE of Japan'a Prime Minister was named in a growing scandal over windfall profits made by highly placed political officials on a stock market flotation. Page 16

BANK OF NEW YORK said it would extend its hostile offer for Irving Bank, following its victory on Wednesday in a legal ruling on Irving's poison pill defences. Page 17

NIGEL LAWSON, UK Chancellor, firmly rejected suggestions that he should act to cool the rapid pace of spending in Britain'a economy by raising taxes or introducing credit controls. Page 6

FRIED KRUPP, West German steel and engineering group, reported a 67 per cent decline in net profits for 1987. Page 18

NOMURA and DAIWA, the two largest Japanese securities houses, are to begin dealing in the gilt-edged market by the end of the summer, following the lifting of a UK Government ban. Page 20

GENERAL MILLS, US foods, restaurants and speciality retailing group, reported a 16 per cent rise in fourth-quarter net operating earnings. Page 17

DEATH TOLL REACHES 166 AS HOPE FADES OF FINDING MORE SURVIVORS

Britain launches inquiry into North Sea oil blast

BY STEVEN BUTLER AND MICHAEL CASSELL IN LONDON

THE Government yesterday pledged the fullest possible public inquiry into the explosion which destroyed the Piper Alpha platform in the North Sea.

At least 166 people are thought to have been killed, making it the worst disaster in the history of North Sea oil production.

Hopes of finding more survivors among the 229 crew members faded early yesterday when it became apparent that most of the crew were trapped in the flames that rapidly engulfed the platform's living quarters following a series of explosions at 10pm on Wednesday evening.

Occidental Petroleum, operator of the Piper Field, said last night the accident was believed to have been caused by a leak of gas from a gas compression module located in the centre of the platform. The leaked gas exploded and led to a chain reaction of fires and further explosions.

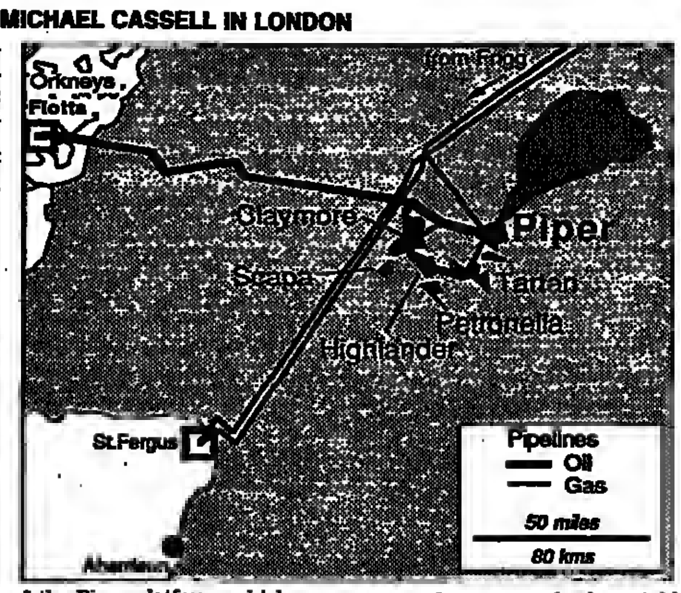
An explosion in similar equipment took place four years ago on the same platform, although that explosion was contained without serious injury.

Survivors, some with serious burns, were being treated in hospital in Aberdeen after evacuation from the area, 192km off the coast of Scotland, by helicopter.

Mr Armand Hammer, Occidental chairman, was last night flying from Los Angeles to Aberdeen in what he said was an effort to see that victims of the blast and their families were cared for adequately.

The explosion cut Britain's oil production immedistely by 290,000 barrels a day, or 12 per cent of total production, when Occidental ordered a shutdown of the Flotta pipeline which services Piper and five other field in the area. The company was unable to say how quickly pipeline services might be restored.

The main production facilities



of the Piper platform, which produced 123,000 barrels daily, were completely destroyed.

Assuming the other fields are brought back into production within a matter of weeks, it is still expected that there will be at least a £300m fall in Britain's oil exports for the remainder of this year as a result.

Oil markets reacted strongly to the drop in production, with Brent oil for July delivery bid up by $1.05 to $15.55. Prices on August futures contracts for West Texas Intermediate Crude at the New York Merchantile Exchange rose by 99 cents in early trading, but then fell back to $15.76, up 40 cents at midday.

Mr Peter Beutel, of Elders Futures in New York, said the rally was also fuelled by reports of high petrol consumption in the US, where gasoline futures rose strongly.

A report on the disaster was given to yesterday's Cabinet meeting by Mr Cecil Parkinson, Energy Secretary, who later told a sombre House of Commons that an urgent inquiry would be set up. The Government "would not waste a second" in conveying to other North Sea operators any lessons learned by the investigation.

Mrs Margaret Thatcher, who seems likely to fly to Aberdeen today to hear a first-hand account of the disaster from survivors, told members of parliament that the nation's sympathy went out to those involved in the "enormous tragedy."

The Queen expressed her "heartfelt sympathy" to the injured and bereaved.

The terms of reference for the inquiry have yet to be established. Senior law officers and ministers will decide in the next few days whether it should be conducted under UK legislation or, alternatively, under Scottish law which could restrict the scope for specific recommendations.

Mr Parkinson told the House of Commons that the explosion on Piper Alpha had been so violent that the platform, on which there were 229 people, was effectively destroyed. He said there were 65 known survivors and 16 known dead. The inquiry would be "as full and as public as possible," he said.

The Energy Secretary disclosed that a routine, week-long inspection of the platform had been completed on June 28 by an inspector from the Department of Energy under powers delegated to him by the Health and Safety Inspectorate. Nothing seriously amiss was reported.

The disaster reopened debates about the adequacy of safety standards in the oil industry. Mr Parkinson denied a suggestion by Mr John Prescott, Labour's energy spokesman, that accidents in the North Sea oil fields had risen.

He said that there were 59 serious accidents last year against 101 in 1986. He said that there was no evidence to suggest any connection between the two or three most recently reported incidents, including an explosion on the Brent Alpha platform earlier this week which caused no injuries and did not disrupt production.

The force of the blast caused the platform's oil derrick to topple and split the platform in two. Occidental said last night it would attempt to stabilise the situation on the field by evacuating the three gas lines feeding into the platform, and by sealing oil wells which were leaking gas.

Most of the crew members were British, although there were also other Europeans, Americans, South Africans and Canadians present.

Continued on Page 16

Details, Page 6; Fearful cost of North Sea riches, Page 14

Mexico voters dent monopoly on power

BY DAVID GARDNER IN MEXICO CITY

MEXICO'S governing Institutional Revolutionary Party (PRI) yesterday announced the victory of Carlos Salinas de Gortari, its candidate, in a fiercely contested presidential election. But senatorial and gubernatorial elections look likely to crack the regime's 71-year-old monopoly on power.

Opposition parties, in a rare show of unity, insisted the ballot has been rigged. The dispute over the fairness of yesterday's voting – the central issue of the election – has led to a dangerous rift between Government and opposition. Both sides are now likely to try to demonstrate their strength in the streets.

Although no official results were available by noon yesterday, it is clear that the opposition has broken the PRI's hold with unprecedented wins at senate and congressional levels. Though this would be the 15th consecutive Presidential victory for the regime, it has never before conceded either a senate seat or a state governorship.

Mr Cuauhtemoc Cardenas, the left-wing nationalist who split with the ruling party last year, has won an overall majority in his home state of Michoacan and is ahead in Mexico City, the heart of this highly centralised regime, PRI informants say privately.

The right-wing National Action Party (PAN) has, on present indications, won a clutch of congressional seats. It claims it would have won majorities in seven states had the vote been clean.

If Mr Salinas' victory is not seen as legitimate, it may blight his hopes of political and economic reform. He has long recognised this and has publicly insisted on clean elections.

The issue of legitimacy has now been confronted by Mr Cardenas and Mr Manuel Clouthier, the PAN presidential candidate. They brought the results collating process to a halt yesterday with a vigorous protest to Interior Minister Manuel Bartlett over irregularities in polling booths across Mexico.

The opposition and journalists reported particularly numerous ballot-rigging attempts in the

Continued on Page 16

US regulators double estimated cost of rescuing insolvent thrifts

BY ANATOLE KALETSKY IN NEW YORK

THE probable cost of rescuing the US's insolvent thrift institutions has virtually doubled in the last six months, to $42.5bn, according to the Federal Home Loan Bank Board.

At the end of last year, the FHLBB, which is the savings and loan industry's main regulator, as well as the guarantor of thrift institutions' deposits through its subsidiary, the Federal Savings and Loan Insurance Corporation, estimated the cost of closing down and merging the country's insolvent thrifts at only $22.5bn.

Although the earlier projection was widely criticised for over-optimism by private analysts and by the Congressional General Accounting Office, Mr Danny Wall, the FHLBB chairman insisted as recently as last month that it represented the best attempt to gauge the industry's "probable and estimable" problems.

Yesterday's forecast of $42.5bn, which Mr Wall presented to the House Banking Committee, was not strictly comparable with the previous figure, since it covered money required over the next decade, rather than the next three years.

Nevertheless the $20bn jump in the FSLIC's projected spending seemed to confirm doubts in Congress about Mr Wall's credibility, as well as indicating the alarming deterioration in the financial condition of the 500-plus insolvent thrifts.

Mr Fernand St Germain, the chairman of the House Banking Committee and previously a strong supporter of thrift industry deregulation, rebuked Mr Wall for using "fantasy world" assumptions in his calculations. He went on to warn that for the first time in history the FSLIC's guarantees for thrift deposits up to $100,000 might "have to be backed by tax dollars and direct appropriations" from Congress.

At present the FSLIC has only $20bn available to it over the next three years. More than a third of this has already been committed. Mr Wall said yesterday that the funds available to the FSLIC could be increased to $42.5bn by extending until 1998 a special levy which the thrift industry has been paying on all its insured deposits, which total $1,300bn.

However, private analysts who earlier put the total cost of recapitalising tha thrift industry at around $50bn, have also sharply increased their estimates in recent months, following the huge losses and massive frauds revealed in thrifts liquidated so far this year.

In the first six months of this year the FHLBB had to spend $2.32bn on closing just 14 small thrifts with combined assets of $1.63bn, according to a recent tally by Jumbo Rate News and Tiered Rate watch, a trade publication. It committed a further $3.01bn to support forced mergers involving 27 other insolvent institutions.

As the cost of thrift liquidations has escalated, private estimates of the cost of solving the crisis have soared to anything from $65bn to $85bn. Apart from previously undisclosed frauds, the main reasons for the escalation in liquidation costs has been the FHLBB's practice of allowing insolvent thrifts to continue to borrow money at high, and compounding, interest rates after their assets have ceased yielding them an income.

Iran stresses restraint over air disaster

BY ANDREW GOWERS IN TEHRAN

IRAN yesterday confirmed the restrained approach it is taking to Sunday's airliner disaster, when President Ali Khamenei told a low-key funeral rally in Tehran that Iranians should channel their anger about the incident into obtaining concrete diplomatic gains in their war with Iraq.

In a carefully worded speech in front of 72 flag-draped coffins from the Airbus crash and a disciplined crowd of about 5,000 chanting Iranians, President Khamenei pointedly avoided any direct mention of retaliation for the US navy's shooting down of the passenger aircraft and compared the incident unfavourably with hostage-taking and hijacking.

Instead he said that Iran should prove to the world that it was not weary of its ailing war effort against Iraq and thus secure greater political flexibility towards it form the international community.

"What they (the US) are trying to do is to make us tired," Mr Khamenei said. "The best way to stand against these pressures is to go to the front. This will (encourage) these people who put pressure on Iran to be flexible."

The President's words – delivered in a sober and contemplative style – were aimed squarely at next Tuesday's mmeeting of the United Nations Security Council, called specially to consider the shooting down of the Airbus A-300 by the USS Vincennes, an American cruiser, with the loss of 290 lives. They demonstrate conclusively that the regime, rather than lashing out at the US, is trying to exploit the incident to obtain a face-saving way out of the Gulf war, now nearly eight years old.

Exaggerating for effect, Mr Khamenei described the US action as "the greatest catastrophe of the century," and said nobody accepted Washington's "excuses" that it was a mistake.

He added: "All governments in all the nations and all the independent people of the world, and those who feel they are independent, should stand against the US over this incident."

This appeal seemed intended in particular to encourage West European governments to demonstrate a separate approach from that of the US, which has expressed regret but has stopped short of complete contrition over the incident.

At one point, he referred to the western hostages held by pro-Iranian groups in Lebanon, over which Iran has admitted it has an influence. He said: "They (the US) accuse us of kidnapping. It is not killing or bleeding to keep them for a duration. What they have done is even worse than kidnapping."

Electronic enigmas, Page 4

Continued on Page 16

SEC strengthens voting rights of shareholders

BY RODERICK ORAM IN NEW YORK

The voting rights of US shareholders were strengthened yesterday by the Securities & Exchange Commission's approval of a new rule banning dual classes of stocks.

Stock exchanges and over-the-counter markets will be prohibited from listing or quoting a company's securities if different classes of shares carry unequal voting power.

Such share structures have typically been used by founding families to retain boardroom control of companies after they sell stock to the public. These companies shares have tended to trade more cheaply than other companies because the voting structures inhibit takeovers.

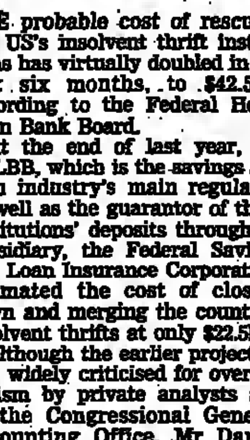
The effectiveness of the new rule will be blunted, however, by a "grandfather" clause which will allow companies to retain unequal share structures approved before yesterday. The New York Stock Exchange currently lists 60 such stocks, the American Stock Exchange 117 and the Nasdaq electronic over-the-counter market 182.

Moreover, the SEC said it was prepared to accept proposals from exchanges for new rules which would specify the types of securities and corporate actions which could be excluded from the new law.

Amex and Nasdaq had used their power to list dual classes of stock as a way of wooing listings away from the NYSE which had been bound by one share, one vote rules dating back to the 1930s.

The Big Board fought back by instituting a moratorium on its rules in 1984, allowing the listing of unequal stocks.

CONTENTS



MILITARY SUCCESS GIVES WAY TO POLITICAL CHAOS

The position of Afghan leader Najibullah has been strengthened by the Soviet withdrawal, Page 2

Comecon's reformers agree to press ahead

By Leslie Colitt in Berlin

REFORM-MINDED Comecon members, led by the Soviet Union, appear to have agreed on closer economic co-operation among themselves in the face of stiff resistance to reforms from East Germany and Romania.

Hungarian officials said the main result of the Comecon summit conference, which ended yesterday in Prague, was that four member nations – the Soviet Union, Hungary, Poland and Czechoslovakia – would begin to co-operate in efforts to reform the ailing group.

The main task is the gradual creation of a convertible currency, the officials said. Both East Germany and Romania said they were not interested in convertibility or in other reforms. Comecon's existing transferable rouble, despite its name, is neither transferable nor a currency, but merely an accounting device.

The officials said Comecon specialists had discussed the creation of a convertible rouble backed by Soviet gold and hard currency reserves, as well as fuels and raw materials saleable to the West. Such a currency would be used within Comecon and might also be accepted by Western companies trading with the Soviet Union. It could be used to buy Soviet goods or exchanged with the Soviet State Bank for hard currency.

The East Germans, however, called the proposals for convertibility unrealistic. They said Comecon should instead concentrate on co-ordinating its members' five-year plans.

Mr Miroslav Pavel, Czechoslovakian spokesman, noted that, while not all Comecon members had to agree on speeding up integration, it would "not be helpful" if one or two resisted the creation of a common market for the organisation. This goal, to be achieved by the year 2,000, was proclaimed by several of the prime ministers at the conference.

It is regarded, however, as "visionary" by East European officials, who note that Comecon has spent nearly two years deliberating urgently needed reforms without producing more than empty declarations.

Euro MPs urge stronger air traffic control body

BY DAVID BUCHAN IN STRASBOURG

THE EUROPEAN Parliament yesterday urged all EC member states to join and strengthen the Eurocontrol air traffic system as the only remedy to growing chaos in Europe's skies.

Eight EC states nominally belong to Eurocontrol, a body which has never lived up to the expectations at the time of its creation in 1963 that it would coordinate European air traffic movements. Greece, Italy and Spain are negotiating to join, with only Denmark remaining totally outside.

But Eurocontrol's direct responsibilities have steadily diminished, leaving it now in charge of only the Maastricht traffic centre in the Netherlands, just as the number of flights is taking off with the deregulation of European civil aviation.

Tha Parliament yesterday adopted a report by Mr Petrus Cornelissen, chairman of its transport committee, which warned that the number of flights would double by the end of the century. Mr James Moorhouse, a British Conservative transport spokesman, cited UK Civil Aviation Authority figures showing a 16 per cent rise in aircraft movements over London between the first quarter of 1987 and the same period this year.

Europe should have a single air traffic system such as the US has in the Federal Aviation Administration, MEPs urged yesterday. Eurocontrol should be made a formal part of the Community, ending the erosion of its activities. Partly because of the effective withdrawal of Britain and France, the previous Eurocontrol centres at Shannon and Karlsruhe have been returned to national management.

Brussels puts up research ideas

BY WILLIAM DAWKINS IN BRUSSELS

THE DEVELOPMENT of energy-efficient buildings and supertough ceramics are among the Ecu561m (£370m) worth of European Community collaborative research projects proposed yesterday by the European Commission.

The bulk of the cash, which must now be cleared by a majority of member states, is to go on an Ecu439.5m study to promote the use of automated manufacturing techniques and advanced materials in traditional industries like chemicals, cars, textiles and machine tools. This more than doubles the EC's current spending on them, carried on through two separate projects due to run out of cash by next year.

Brussels would contribute up to half the cost of most cross-border research ventures in those areas, bringing the scheme's total spending power to Ecn879m, though small companies will be eligible for more help. The scheme will last for the next four years until the end of 1991. It will continue the work now being done under the so-called Brite programme for industrial technology and the Euram project in advanced manufacturing, which are to be merged.

The Commission is also planning to spend Ecu122m between 1989 and 1992 on studying non-nuclear energy sources and energy conservation. The programme, code-named Joule (joint opportunities for unconventional or long-term energy supply), will subsidise cross-border studias into renewable energy sources like giant windmills, solar energy, the insulation of buildings and patterns of energy demand.

The projects are drawn from the EC's Ecu5.4bn research and technology budget for the next five years. Member states have agreed finally or in principle on the allocation of three-quarters of the cash, and are still debating on the Commission's ideas for another 16 per cent. The Commission is still preparing its individual proposals for the remaining 10 per cent or Ecu563m.

Unemployment down by 2.5%

BY WILLIAM DAWKINS

THE NUMBER of people out of work in the European Community dropped by more than 400,000 to 15.5m in the year to May, the lowest for three years, the European Commission said yesterday.

The 2.5 per cent drop represents a real improvement and owes only a little to seasonal changes, according to the Commission's latest monthly survey. While the average EC unemployment rate remained at 10.3 per cent in May, the same as the previous month, it has still fallen in most member states. The exceptions are Italy and Denmark, where the figure rose during the year by 0.5 of a percentage point to 11.9 per cent and 6.4 per cent respectively.

Although the figures show a steady average improvement, they also underline the continuing big gap in prosperity between north and south. Spain keeps its usual place as the member state with the highest jobless rate, 20.3 per cent, slightly down on May 1987 but still a few points above Ireland's 18.7 per cent. Luxembourg has the lowest rate, 2.8 per cent, while the UK stands just below the middle of the range with an 8.8 per cent rate in May, down from 10.8 per cent a year previously.

Unemployment has stayed about the same in West Germany, the Netherlands and Portugal, said the Commission.

Soviet Armenia 'at standstill' over strike

A GENERAL strike in support of demands for new regional boundaries has now spread from the capital Yerevan to the rest of Soviet Armenia, bringing industry and transport almost to a standstill, according to the government newspaper Izvestia, agencies report from Moscow.

"Today in Yerevan and across the territory of the entire republic a considerable part, if not the majority, of industrial and construction enterprises and transport are still not working," Izvestia said.

Its correspondent reported from Yerevan: "I failed to see a single trolley bus, bus or tram this morning."

He said the city subway was operating, however, and offering free rides at the demand of its workers.

"The city authorities' attempts to change the situation for the better have met with no results," the newspaper said.

Izvestia said however that troops had left Yerevan's main square, which they had blocked on Wednesday. The square has been the scene of many demonstrations over the past few months.

A duty editor at the Armenian news agency Armenpress told Reuters by telephone from Yerevan: "There is practically no one on the streets today."

Two days ago, a demonstrator shot by Soviet authorities using a plastic bullet died in a hospital in Yerevan, the Armenian press agency reported yesterday.

Flights between Moscow and Yerevan are still unreliable and Moscow authorities have organised special trains to the Armenian capital, Soviet television said.

Two trains with a total of 800 passengers left Moscow on Wednesday night for Yerevan. Another special train was due to leave yesterday, an official at Moscow's Vnukovo airport said in a television interview.

He said at least one flight was scheduled to leave for Yerevan later yesterday but he was unsure whether it would make the trip.

Germanys East and West pool arms ideas

By David Marsh in Bonn

A RANGE of military confidence-building measures in central Europe, including an East-West satellite to observe troop movements, has been proposed by the West German opposition Social Democratic Party (SPD) and the East German Communist Party (SED).

The suggestion, outlined at a joint news conference in Bonn yesterday, is the latest in a series by both parties to try to lower tensions between the Warsaw Pact and the North Atlantic Treaty Organisation (Nato).

Tha Social Democratic Party and the East German Communists are maintaining their ideas on establishing a nuclear-free and chemical weapon-free "corridor" between the two German states.

But they have deliberately kept these suggestions – which were hotly criticised by the conservative-led Bonn Government as well as some of West Germany's Nato allies – out of their latest policy document.

The SPD has run into criticism which claimed that by forming working parties on defence matters with the SED it was treating the latter as a legitimate parliamentary party.

The moves put forward yesterday aim to build on Nato and Warsaw Pact confidence measures by lowering the size of troop and tank manoeuvres which can be carried out in Europe without prior announcement.

They also want to apply such rules to manoeuvres at sea and in the air.

The two parties suggested that a telephone "hot line" between the main governments in central Europe would help to clear up potential misunderstandings over military incidents.

They also proposed a joint European satellite programme to keep track of troop concentrations.

Such satellite suggestions have been put forward in the past but have never been enacted.

Mr Axen said the East German Government would be willing to contribute materially, financially and technologically to such a venture.

Unita leader sees chance of peace deal on Angola

BY MICHAEL HOLMAN, AFRICA EDITOR

MR JONAS Savimbi, leader of Angola's rebel Unita movement, on a visit to London, yesterday expressed cautious optimism about prospects for a regional settlement.

He also repeated his call for talks between Unita and the Angolan Government, saying that "there is no way the MPLA (Angola's ruling party) can remain in power without reconciliation".

A fourth round of negotiations, aimed at ending the 13-year civil war in Angola and securing independence for Namibia (South West Africa), are due to begin in New York on Monday, chaired by the US and involving Angola, Cuba and South Africa.

Washington and Pretoria have linked the withdrawal of more than 40,000 Cuban troops in Angola to the implementation of a UN settlement plan for Namibia. The two governments have also called on the MPLA to form a coalition with Unita, which the MPLA has rejected.

Mr Savimbi, who last week met US President Ronald Reagan in Washington, is on a three-day visit to London. He has spoken at the Royal Institute for International Affairs and is expected to address the House of Commons Select Committee on Foreign Affairs as well as meet British businessmen.

There will be no official contact with members of the Government. Unlike the US, Britain has diplomatic relations with Angola.

Speaking to journalists yesterday, Mr Savimbi said he was encouraged by the fact that the four-country talks were continuing, in spite of growing tensions on the Angola-Namibia border where Cuban troops have recently been deployed.

The Soviet Union, he said, seemed to be adopting a more constructive posture.

"They are saying there is no military solution to the Angolan conflict and are talking about reconciliation."

It would "not be a good solution" if the talks ensured the withdrawal of Cuban and South African troops from the region and secured Namibia's independence but left the Angolan civil conflict unresolved, he said.

However, he expressed confidence about Unita's capacity to pursue the war without South African support: "The MPLA is more dependent on the Cubans than we are on the South Africans," he said.

Lisbon announces first companies for privatisation

BY PETER WISE IN LISBON

PORTUGAL WILL begin an extensive privatisation programme by selling up to 49 per cent of the successful state-owned brewers, Unicer, and one of the country's nine nationalised banks, Banco Totta e Acores, the Government said yesterday.

Mr Anibal Cavaco Silva's Social Democrat Government announced the move as the first step in its plans to reprivatise industries nationalised following the 1974 revolution.

Privatising 49 per cent of public company capital is as far as the Government can go until next year, when Parliament is expected to complete revision of the 1976 Marxist-inspired constitution that defines the post-revolutionary nationalisations as "irreversible."

Mr Fernando Nogueira, the Justice Minister, said the process of partially privatising the two companies, including two separate, independent valuations, was expected to take a year. Part of the stock is expected to be sold by public subscription and part floated on the stock market.

Unicer, one of Portugal's few profitable public industrial companies, showed pretax profits of Es938m (£3.7m) last year on a turnover of Es14.2bn. The company was created in 1977 from three brewing concerns nationalised after the revolution.

Banco Totta e Acores, one of the smaller and more successful nationalised banks, showed a net profit of Es557.9m in 1987, up from Es158.3m the previous year.

Polish strike threatened over sacked workers

By Christopher Bobinski in Warsaw

WORKERS AT a large engineering plant in southern Poland have threatened to strike during next week's visit by Mr Mikhail Gorbachev if seven sacked colleagues are not reinstated.

The threat came at a rally yesterday at Huta Stalowa Wola attended by some 4,000 people, opposition sources said. The plant employs around 18,000.

Mr Gorbachev arrives in Poland on Monday for a four-day visit which will include talks with the party leadership, a trip to Cracow and a meeting in Szczecin with shipyard workers. The visit is to be followed by a Warsaw Pact summit in the Polish capital on Friday.

The seven lost their jobs after a strike for higher wages at the end of April. The management has received a petition signed by 2,000 people demanding their reinstatement. Police detained two Solidarity activists immediately before yesterday's rally, and another 22 after it dispersed peacefully.

Rocard suffers symbolic setback as junior health minister quits post

BY OUR PARIS CORRESPONDENT

MR MICHEL ROCARD, French Prime Minister, last night suffered a serious symbolic setback in his attempts to broaden the base of his minority government with the resignation of Professor Leon Schwartzenberg, Junior Health Minister.

Mr Rocard last night demanded and got the resignation of Professor Schwartzenberg.

Professor Schwartzenber has caused a political furore both among the opposition and among Socialist members of the government, with his suggestions that there should be a systematic approach to the detection of possible AIDS sufferers among pregnant women, and the distribution of drugs in hospital to certain categories of addicts.

The resignation of Professor Schwartzenberg, who is a well-known expert on cancer and immunologist, came hard on the heels of a politically embarrassing disagreement between the Prime Minister and Mr Pierre Arpaillange, his newly appointed Justice Minister, over the terms of an amnesty which is traditionally granted to prisoners after a presidential election.

The controversy over the terms of the amnesty arose two days ago, when Mr Pierre Arpaillange, decided without consultation to include certain "terrorists" in the release of prisoners from solitary confinement.

After angry protests from the opposition, and what was evidently a serious row between Mr Rocard and Mr Arpaillange, a joint communiqué was issued on Wednesday announcing that solitary confinement would be maintained for prisoners accused of "crimes of blood."

Poisonous cloud warning on Nigerian waste dump

BY ALAN FRIEDMAN IN MILAN

THE 3,800 tonnes of Italian toxic chemical waste which have been dumped in southern Nigeria are in danger of exploding and setting off a poisonous cloud, according to an official report prepared at the request of the Lagos Government.

Mr Charles Secrett, an official of the conservation gronp Friends of the Earth, said in Rome that an analysis prepared for the Nigerian Government showed "there are a number of substances which are toxic by ingestion, inhalation or skin absorption."

Mr Secrett warned that the greatest risk, however, comes from the presence of textrahydrofuran and toluene, which could spontaneously combust and endanger the lives of the 1,000 inhabitants of the port of Koko, in Bendal state.

"These substances have a low flash point and could easily catch fire," Mr Secrett said. In addition, he said, the inspection had shown there were several hundred drums of polychlorinated biphenyls (PCBs), which could convert in a fire to carcinogenic dioxyns.

Ian Davidson in Paris watches the efforts of the political parties to adjust to the post-electoral scene

French centre keeps left and right on edge

MR MICHEL ROCARD has tended in the past to be much more popular with the electorate than with the political establishment, and no wonder. As a man who seems to wear his heart on his sleeve, and who proclaims in and out of season his belief that politics ought to be a more virtuous form of activity than its general reputation implies, he is a standing reproach to his political colleagues.

Since his appointment as Prime Minister, after the re-election of President Francois Mitterrand two months ago, he has tried to put his beliefs into practice; but it is scarcely surprising that his efforts have been greeted with catcalls and derision from critics on the left and the right.

Like the President, Mr Rocard has spoken so often of the need for an overture, or an opening from the Socialist Party to the centre, that the very meaning of the word has become threadbare, whereas its implementation appears unimpressive.

Mr Rocard has now formed two governments, one before and one after the general election. Neither has had more than a handful of non-Socialists, and though in strictly arithmetical terms they are more numerous in Mr Rocard's second Government than in his first, virtually all the important portfolios are still held by Socialists.

The most significant exceptions are Mr Lionel Stoleru, previously a minister under the presidency of Mr Valery Giscard d'Estaing and now Minister for the Plan, and Mr Jean-Pierre Soisson, one of the founders of the centre-right Republican Party and now Minister of Labour. But on both occasions the newspapers have derisively declared that Mr Rocard's "opening" has turned out to be a "closing".

The derision is premature and has been overdone. Even if Mr Rocard has neither recruited a large number of individual non-Socialists into leading positions in his Government nor secured the public commitment of support from any group of moderate conservatives, it is clear that the idea of co-operation between the Government and the centre is still very much alive. So alive, indeed, that it is having a permanently destabilising effect on the attempt of the various components of the right-wing opposition to recover from their humiliating set-back in the presidential and general elections.

In one important respect, moreover, Mr Rocard has already silenced his critics, by securing agreement on a new framework plan for the overseas territory of New Caledonia in the Pacific. The symbolic significance of the agreement is not merely that it will reverse the one-sided policy pursued by the previous right-wing Government led by Mr Jacques Chirac, but that the process by which it emerged is a living example of the Rocard method.

The Gaullist policy was deliberately designed to favour the Europeans in New Caledonia at the expense of the Melanesians. The new plan is intended to restore the balance by emphasising the economic development of those parts of the territory dominated by the Melanesians, with the quid pro quo that any question of independence will be deferred for 10 years.

But the really striking part is that the plan was not imposed by an all-powerful Paris Government, but negotiated and agreed with the leaders of the European and Melanesian communities, who now have the delicate task of selling it to their supporters.

Mr Raymond Barre, the former Conservative Prime Minister and presidential candidate, in general has made no secret of his desire to play as constructive a role in the middle of the political spectrum as possible, and if possible to help create a liberal, pro-European

> **It is clear that the idea of co-operation between the Government and the centre is still very much alive. So alive that it is having a destabilising effect on the attempt of the right-wing opposition to recover**

political formation at the hinge between left and right.

Just how far Mr Barre would be prepared to go in co-operating with a Socialist Government is not yet so clear, however. The newspapers have been rife with rumours of a secret meeting between him and President Mitterrand, which Mr Barre does not categorically deny and on which the Elysée refuses to comment. But while the reports feed the public taste for the sensational and the conspiratorial, they do not explain why such a secret meeting would be so significant.

Unless Mr Barre can contrive to appear to be the leader of a coherent body of deputies in the National Assembly, he cannot make a reliable difference to the balance of power in which the Socialist Party is 13 seats short of an absolute majority. If Mr Barre wants to exert leverage on the parliamentary scene, by creating a French equivalent of the Liberal party in West Germany, he must become a party leader.

That scenario looks increasingly remote, because in the meantime Mr Barre appears to have been overtaken by events. The CDS centrist party has taken the symbolically significant step of asserting its claim to the privileges of an autonomous party in the Assembly; and while its leader, Mr Pierre Mehaignerie, insists that his party remains in the opposition and a member of the UDF centre-right umbrella grouping, it is clear that the CDS has tacitly given notice that it is now in a position to diverge from its partners on the right if it so chooses. Mr Barre has signed up as an associated member of the CDS group; but the bottom line is that the leader of the CDS is Mr Mehaignerie, not Mr Barre.

Meanwhile, former President Valery Giscard d'Estaing has been pursuing an entirely opposite tactic. Where Mr Barre has been promoting an independent centrist group, VGE (as he is known for short) has been urging the unity of all the traditional right-wing parties. This scenario seems to be fading, however, because few if any of the right-wing parties share his vision.

In the centre the CDS is seeking its independence, while on the right the Gaullists are embarking on the psychodrama of trying to remodel their movement in terms which will be more authentically Gaullist and more effectively popular than the party which has just failed so comprehensively in the presidential and legislative elections.

Whether the task makes any sense in 1988 is perhaps debatable; what is scarcely debatable is that the party faces a serious internal struggle between the old-style Gaullists and the younger reformers. The rival groups appear to agree on one important point, that the Gaullist movement is not and cannot be a right-wing party like any other – with the implication that it cannot join other right-wing parties.

Significantly, Mr Jacques Chirac, the leader of the Gaullist party, remains virtually silent, and there is increasingly open speculation in the press when, or even whether, he will recover from the psychological blow of his defeat in the presidential election.

On balance, Mr Chirac's famous resilience will stand him in good stead provided he does not wait too long in the background. On the other hand, it seems clear that the divisions between the various components on the right of the French political spectrum remain as deep as ever. Mr Rocard's task of running a credible Government without a credible majority is not easy, as exemplified by an embarrassing disagreement with his (non-Socialist) Justice Minister over the terms of the amnesty for certain types of prisoner; but it is made just a little bit easier by an opposition which is unable to pull itself together.

Afghan rebels' war success gives way to political chaos

A scramble for influence has led to a war of words, writes Robin Pauley, Asia Editor, recently in Peshawar

THE MILITARY success of the Afghan mujahideen in preventing a Soviet victory in Afghanistan for a full decade is being succeeded by a level of political chaos which could deny or at least delay their ultimate prize: the government of their country.

Since the Soviet Union started to withdraw its 115,000 troops from Afghanistan on May 15 the scramble for political influence has led to public and private wars of words between the seven parties in the so-called mujahideen alliance. It has also reopened the old and bitter schism between Shia and Sunni Moslems and led to the formation of an unrepresentative interim government in exile.

The resulting chaos has had two key results: first, countries such as the US, Saudi Arabia, Iran and in particular Pakistan have tried to exploit the situation to gain the upper hand of influence; second, the Soviets' puppet regime in Kabul headed by Mr Najibullah appears to be strengthening its position as the mujahideen search for a political strategy. Assessments that Mr Najibullah might fall by the end of the summer are being revised.

When the Soviet army moved into the country in December 1979 to help prop up the communists it united Afghanistan's anti-communists, religious groups and warring tribes against a common enemy.

The seven major Sunni groups each established a political leadership in Peshawar, just inside Pakistan, which have derived their power and influence from being the recipients and distributors of enormous amounts of military aid from the West to the mujahideen commanders.

Four of the groups are theologically fundamentalist. The other three tend to be more traditionalist, even monarchist. All share a common goal of an Islamic government in Afghanistan but deep-seated personal rivalries mean their current "alliance" is really an alliance of disunity.

Talks are under way which may lead to the three traditionalist groups and three of the fundamentalist groups merging, leaving the most extreme group, led by Mr Gulbuddin Hekmatyr, isolated, although even under this arrangement the disunity would probably remain as destructive as ever.

Mr Hekmatyr, a man of naked and violent ambition, has been made by the war, or rather by Pakistan's attempts to influence the ultimate outcome of the war. Unlike several of the other alliance leaders he was a nobody in Afghanistan before 1979 and has no constituency inside the country other than the commanders loyal to him and his wing of the Hisb-i Islami Party.

He is a loyal and pliable client of President Zia ul-Haq of Pakistan with the result that the Pakistanis have diverted a disproportionately large amount of Western weapons to him even though his commanders inside Pakistan have been neither the most active nor the most competent and successful. Many of his arms are stockpiled, making him the best armed in the event of a civil war.

Pakistan's unwavering support for Mr Hekmatyr appears to be based on the hope that if he became leader of Afghanistan he would introduce a strictly Islamic regime while being weak enough to remain a puppet of Pakistan.

Although the West, and the US in particular, has been slow to distance itself from Pakistani support of Mr Hekmatyr, his chance of success is small as he commands little support and even less respect among the Afghan people.

Meanwhile the power of the commanders inside Afghanistan is beginning to rise as they take on a more administrative and political role in the areas they liberate.

Partly to counter this, to create a political body to attract international aid and to outflank the contradictory efforts of the UN to find a political solution, the alliance recently announced an interim government based in Peshawar. Few of its members were known figures; not a single military commander inside Afghanistan has accepted its validity; the important but oppressed Shia minority was not consulted about its formation and rejected the one lowly Cabinet post offered; and many moderates and fundamentalists alike consider it privately to be a joke. It has so far no policies.

One theory about its creation is that it will be a conduit for money from Saudi Arabia which would rather pay aid to an orthodox Moslem organisation which it can influence than to a broader-based or partially-secular organisation. Some 80 per cent of the interim cabinet members are clerics.

Another theory is that it was a fairly unsophisticated attempt to negate the attempts of Mr Diego Cordovez, the UN mediator, to negotiate the establishment of a broad-based transitional government including representatives of the Communist Peoples Democratic Party of Afghanistan currently in power in Kabul.

Mr Cordovez lost the trust of the mujahideen when he negotiated the Geneva accords covering the Soviet troop withdrawals without their participation. At the same time he also increasingly lost the confidence of Mr Javier Perez de Cuellar, the UN secretary general.

To try to neutralise the damage and keep the UN in the Afghan political process Mr Perez de Cuellar's office invited an Afghan commander to New York last month and, excluding Mr Cordovez from all the meetings, agreed that the UN would stop promoting the inclusion of communists in the transitional government.

FINANCIAL TIMES
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorham, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.D. Crew, Financial Times, Bracken House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd, 1988.
FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Consumers fuel overheated Chinese economy

BY ROBERT THOMSON IN PEKING

THE already-overheated Chinese economy accelerated in the first half of the year, putting pressure on strained raw materials supplies and on Communist Party reformers attempting to stabilise development.

Industrial production rose 17.2 per cent compared with the same period last year, tha highest increase since early 1985, when production rose at an annual rate of 25 per cent and the Government was forced to bridle an uncontrolled surge in consumer spending.

The State Statistical Bureau said consumer demand was again fuelling growth, and, though no figure was released yesterday, was also fuelling inflation, which was said by Chinese researchers to be 15 per cent and rising.

Production of refrigerators rose 86 per cent compared with the same period in 1987, and fulfilled 71 per cent of the annual plan, while output of television sets rose 23.3 per cent, and fulfilled 74 per cent of the annual plan.

The surge in output has overhurdened transportation networks and made raw materials markets particularly volatile, as government subsidies have been removed from many items and enterprises are expected to bid for needed materials.

The difference between the subsidised state price and the market price is now as high as 400 per cent, and poorer factories are unahle to compete for resources.

Reformers in the leadership argue that the country has entered a high growth cycle, and that higher than normal inflation and output are to be expected. But even they would conceda that the economy is under severe atrain and are concerned that inflation could spiral out of control.

The official Chinese news agency Xinhua said that "rapid industrial development has expanded the scale of credit and caused financial imbalances".

The Government had hoped to control money supply this year, after blaming its rapid growth for the rise last year in inflation, which prompted a wave of public complaints about reform.

S Africa's gold and money reserves fall

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICA'S gold and currency reserves fell hy R540m (£135m) in June to R5.65bn after repayment of R1.4bn in loans and interest.

To finance debt repayment and servicing tha Reserve Bank (central bank) mobilised 1.1m ounces of gold through gold swaps. This is reflected in a R1hn reduction in gold holdings to R3.93bn and a R460m increase in foreign exchange holdings to R1.71bn.

Over the last three years the reserves have been protected by substantial current account surpluses. This year, however, the current account has moved into deficit, partly offset by gold, trade and supplier related credits.

Under the terms of the three-year deht re-scheduling agreement signed in March last year, South Africa agreed to repay by June 1990 $1.42bn of the original $14bn debt held up by the debt moratorium of August 1985.

In June the bank repaid R526m of "inside the net" debt, R280m to official creditors "outside the net" and an estimated R600m in interest. June and December are traditionally tough months because of six-monthly debt repayments, oil company book-squaring and dividend payments.

● Tension is rising again in Soweto, Sonth Africa's largest black township, following the decision by white administrators to cut off electricity supplies to several suhurbs in a renewed attempt to end tha three-year-long rent and service charge boycott.

The indiscriminate hlackout has also cut supplies to householders who have paid their bills. The action came as thousands of Soweto school children continued a stayaway which began on Monday in protest against the detention of more than 90 students in recent weeks.

Soweto, like many other townships, is preparing to celebrate the 70th birthday of jailed African National Congress leader Nelson Mandela on July 18.

● The South African/Mozambican joint security commission, set up to monitor security aspects of the March 1984 Nkomati Accord, met in Pretoria yesterday for the first time since relations deteriorated in 1985.

The meeting, which follows the recent agreement to re-habilitate the Cabora Bassa hydro power scheme, is part of a new diplomatic initiative to improve bi-lateral relations.

Iran-linked group threatens to kill US hostages

By Nora Boustany in Beirut

AN IRAN-linked group holding at least one US captive warned yesterday that its hostages would not be spared in a full-scale reprisal to shooting down of an Iranian airliner last Sunday.

"Everybody knows that we still hold all the strong bargaining cards to our hand, including the hostage issue which will be part of a comprehensive retaliatory action, that will exact a steep price from the killers and their partners," the clandestine Revolutionary Justice Organisation said.

It delivered a photocopy of the passport of missing American freelance writer Edward Tracy to the offices of the An Nahar newspaper after midnight.

The organisation also claims to be holding another US citizen, the acting comptroller of the American University of Beirut.

The organisation said: "The presence of these (American) naval fleets and their crimes will definitely yield adverse consequences affecting the safety of American presence in the world".

Euro-MPs urge mediation in Gulf war

By David Buchan in Strasbourg

THE European Community's 12 states were yesterday urged by Euro-MPs to try to "secure the earliest possible withdrawal of all foreign warships" from the waterway through mediation in tha Gulf war.

The navies of four EC states - the UK, France, the Netherlands and Belgium - are present in the Gulf.

In a resolution that avoided direct criticism of the US, the European Parliament called upon Washington "to accept, subject to the results of the (Pentagon) inquiry, all legal obligations for compensation" to families of the 290 Airbus victims.

In other resolutions passed yesterday, Euro-MPs issued a fresh appeal for a stay of execution on the six black South Africans sentenced to death for a mob murder in 1984.

Euro-MPs also issued calls to the Romanian government to stop forced resettlement of villagers into new towns.

Shultz says US opposed to return of Khmer Rouge

US Secretary of State Mr George Shultz told counterparts from a dozen nations yesterday that the US was "unalterably opposed" to the Khmer Rouge returning to power in Cambodia, AP reports from Bangkok.

Mr Shultz said the world community also had to continue pressure on Vietnam to withdraw all its forces from Cambodia, but added: "We look forward to the time when Vietnam will rejoin the community of nations."

He said a "new consensus" was needed to tackle the continuing problem of Indo-Chinese refugees, and proposed a Bangkok-based working group to sound out views in the region's capitals and formulate strategies.

Beginning a nine-country visit to Asia, Mr Shultz spoke at the opening session of a "dialogue" between the foreign ministers of the Association of South East Asian Nations (Asean) and its close partners, Japan, Australia, Canada, New Zealand, the European Community and the US.

Japan's pledge at the meeting yesterday that it would actively consider contributing to the cost of a peacekeeping force in Cambodia could lead to its first major financial support of an overseas military group since the Second World War.

Japan's postwar constitution forbids the use of force to solve international disputes, and the country has followed a policy since the war of not stationing its military overseas.

Foreign Minister Mr Sosuke Uno pledged Japan would "actively consider" aiding the regional group's peace efforts in Cambodia by financially supporting a proposed international peacekeeping force there.

He also said Japan would consider dispatching personnel to a separate international team that would supervise free elections in Cambodia.

Richard Gourlay reports on the Philippine's dilemma over renewing the agreement on US military bases

Manila weighs nationalism against economic gains

CAN THE Philippines afford to demand the removal of the strategically important US military bases after 1991 when President Aquino's Government and Congress must decide whether to renew the agreement?

As Manila and Washington approach the fourth month of a raview which will indicate whether the bases stay, that question could be expected to be prominent.

Bnt a wave of Philippine nationalism, or at least nationalist rhetoric, sweeping Manila has led politicians and many economists to skirt around the issue of the real economic impact of the bases.

Pro-base senators, like Mr Juan Ponce Enrile, see that public support for retention of Clark Air Base and Subic Naval Base is as much political suicide to the current atmosphere since ejecting them in 1992 would be economic suicide for the country.

Other senators displayed similar survival instincts earlier this month when they passed, by an overwhelming majority, a bill banning nnclear weapons from Philippine territory.

And an unexpected about-face last week by Mr Ramon Mitra, the speaker of the House of Representatives, makes opposition to the bill in the House less certain than before.

Some observers, who previously thought the bases would stay if Washington increases what it coyly refuses to call "rental," have become less sanguine as a result.

If the bases do go, the Philippines would lose the following economic benefits:

● Clark and Subic employ 69,000 Filipinos directly, making the US the country's second-largest employer behind the Philippine Government

● Some $500m a year is spent by the US Government and servicemen on Filipino salaries, locally supplied contracts, housing, and what the Sweet Charity Bar outside Clark calls "Booze, Broads and Boogie."

●Subic accounts for more than two-thirds of that expenditure.

● In 1988, total US assistance to the Philippines will amount to $387m-$125m in military credits, $174m from the Economic Support Fund, most of which is grant money, $40m development assistance and $48m to food aid. It exceeds the $180m a year – or $900m over five years – which Washington undertook in 1983 on a "best efforts basis" to persuade Congress to appropriate.

A study by the independent Philippine Centre for Research and Communication (CRC), shows this expenditure accounted for 5.4 per cent of gross domestic prodnct to 1987.

Assuming growth continues at its current rate of around six per cent, and there are no increases in US compensation, the study concluded that by 1992 the figure would have fallen to 3.4 per cent.

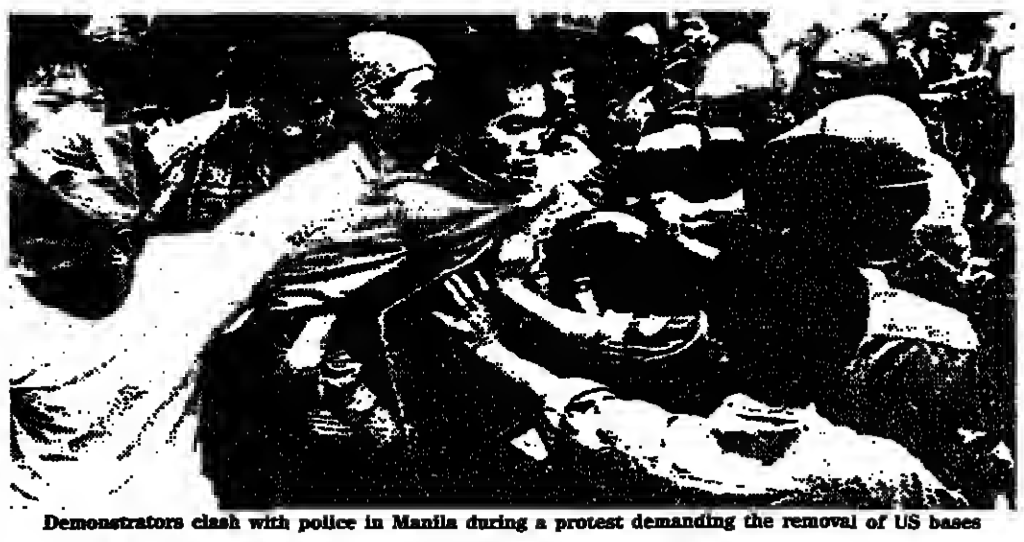
On the more realistic assumption that the US has to pay a democratic Philippines considerably more than it agreed to pay former President Ferdinand Marcos, the opportunity cost of not renewing the bases agreement after 1992 increases even more.

It would also be equivalent to losing a dollar earner twice the size of the country's largest export industry – garments – which made a net dollar contribution to reserves of $350m in 1987.

Mr Enrique Esteban, CRC president, says the impact on GDP and dollar earnings would be greatly reduced if nationalists' demands are met with a phased withdrawal of the hases over seven to 15 years, allowing time for adjustment and a consolidation of the economic recovery.

The impact is not limited to aid, or rental, and spending from the bases.

In 1987, the US granted the Philippines a generalised system of preferences benefits on imports worth $329m, up 43 per cent on 1986. The increase was partly due to the inclusion of 11 additional products at Manila's request.



Demonstrators clash with police in Manila during a protest demanding the removal of US bases

Also in 1987, the US imported $620m of garments and textiles, np 38 per cent over the previous year, under an agreement which expires in 1993. The US huys about 60 per cent of Philippine garment and textile exports.

So far no US official or negotiator has linked trade with the bases, no doubt to avoid accusations of economic hlackmail.

But with protectionist winds blowing in Washington, Mr Esteban and other observers believe that if the bases agreement were not renewed it would so sour the "special relationship" that Manila would lose some of these trade concessions.

The US is still hy far the Philippines' largest market, accounting for 36 per cent of total exports of $5.7bn in 1987.

So far, life-after-the-bases studies have produced few credible alternatives for the land or the facilities.

One idea – that of turning the 58,000-hectare Clark facility into an industrial park and Subic Bay into a ship repair yard – do not appear to stand up.

The US relinquished control of 49,000 hectares of Clark to the Philippines in 1979 but industrial parks have not sprung up, and a ship repair facility just south of Suhic, partly run hy Kawasaki Shipping of Japan, has been short of orders for some time.

Nor have many national politicians focused on the impact ou local economies of removing the pre-eminent business in a burry or the migration to Manila which would almost inevitably occur.

Many Filipinos conclude that it is time for the US bases to be phased out if the country is to develop a truly independent national character.

But with $28hn of debt, a poorly rooted economic recovery and the current need for investment, removal of the US bases in 1992 before adequate preparations have been made would be a hlow the economy could not survive.

AMERICAN NEWS

Right-wing alleges widespread vote-rigging

BY IVO DAWNAY IN MONTERREY

LEADERS OF Mexico's right-wing National Action Party (PAN) in the industrial city of Monterrey are refusing to recognise the outcome of Wednesday's elections after widespread allegations of electoral irregularities and fraud.

In a highly charged press conference only hours after the ballots closed, Mr Pablo Emilio Madero, the PAN president for Nuevo Leon state, threw down many ballot papers, some in bundles, which he claimed had been wrested from supporters of the long-governing Institutional Revolutionary Party (PRI) or retrieved from ballot boxes.

"There was generalised fraud and grave irregularities in 600 of the 1,600 polling places," he told reporters. "Some PRI members on the 'carousel' voted as many as 10 times."

Mr Madero, the party's presidential candidate in the 1982 election, said that the form of protest actions would be decided at a meeting of the PAN leadership in Mexico City this weekend. Local officials of the PRI were unavailable for comment on the allegations early yesterday, though the party is claiming its preliminary figures indicate victories in all 11 electoral districts in the state.

According to non-partisan observers, the level of fraud in Monterrey – Mexico's third largest city – was less than that recorded in the gubernatorial and municipal elections of July 1985.

El Norte, the fiercely independent local newspaper, reported 842 denouncements of irregularities by its readers yesterday – a 21 per cent fall on three years ago.

Though many of these were minor infringements of electoral rules, others included reports of stuffed ballot boxes, multiple voting and minor incidents of intimidation and violence.

The paper also carried detailed descriptions by two reporters of how they had allegedly infiltrated two separate vote-rigging rings organised by unions linked to the PRI.

In an illustrated full page story, one reporter described how, a few days before the poll, he had overheard a conversation about vote-rigging in a restaurant. Posing as an unemployed teacher in search of a job, he infiltrated the ring and, along with five others, was issued false identification and a bundle of ballots ready-marked in favour of the PRI.

David Gardner reports on PRI nervousness over the election's outcome

Mexican ruling party closes ranks

AT 1.47am yesterday morning, a one-word banner 10 floors high was unfurled down one side of the headquarters of the ruling Institutional Revolutionary Party (PRI) in Mexico City. It read *Responderemos* (we will respond).

The message was intended as a crisp, clear warning to Mexico's insurgent opposition parties: their bid to impugn the results of Wednesday's presidential and general election, the most fiercely contested in half a century, will be met head on.

Minutes earlier, Mr Jorge de la Vega, the PRI President had announced the "overwhelming, legal and unobjectionable" victory of the 71-year old regime's candidate, Mr Carlos Salinas de Gortari. Mr Salinas' reformist platform called explicitly for clean elections, and his prospects of reforming Mexico depend on the results being seen to be legitimate.

For the first time since the 1940 elections were rigged in favour of the regime's candidate, the PRI did not announce the size of its claimed victory, much less its customary clean sweep. This would be the 15th consecutive presidential victory for the regime since the end of the Mexican Revolution in 1917, and it has never conceded either a senate seat or state governorship.

Winning Senate seats, in themselves more decorative than operative, implies majorities at state level, and the PRI looks set to lose at least four. These include, most dramatically, some in Mexico City, the political heart of this highly centralised nation. This would, said a ruling party official, "be the beginning of the end of the PRI".

The PRI announcement was the usual corporatist set-piece, with Mr de la Vega, an old guard party baron, flanked by leaders of the "three sectors" – workers, peasants and bureaucrats – who claim to have delivered a block vote and brought cheer leaders to dissipate the subdued, nervous atmosphere at party headquarters.

The sight of "Don Fidel" Velasquez, an 87-year old granite-featured labour overlord alongside, say, Luis Donaldo Colosio, the young number three in the party hierarchy, who believes in rebuilding the PRI from the ground up, did not seem as historically poignant as it should have. The increasingly fissiparous regime visibly closed ranks against the opposition.

Party notables reacted with fury as Mr Cuauhtemoc Cárdenas, the dissident PRI-ista and the PRI's most threatening challenger, joined forces with Mr Manuel Clouthier, the businessman leader of the right-wing National Action Party (PAN), to denounce widespread ballot fraud. Both opposition forces are considering a campaign to get the election annulled.

The PAN leader, in characteristically explosive style, called the elections "the most vulgar fraud in the history of Mexico." Mr Cárdenas, with steely calm, said the PRI was "intent on a massive fraud, at any cost," and that his National Democratic Front (FDN) would demand that "the Government correct each and every irregularity."

Salinas: reformist platform

A long march through the voting returns is precisely what the regime strategy appears to be, in what looks set to become a war of attrition. This has already weakened Mr Salinas within 24 hours of the polls closing.

Mr Manuel Bartlett, the Interior Minister who is in overall charge of the elections, told opposition representatives on the Federal Electoral Commission "it is not valid to take part in an election and condemn it before it is over. We will respond one by one to the accusations, which have to be proved."

Mr Colosio described the opposition stance as "a political tactic to smear the whole electoral process. If we have to review every (result), polling booth by polling booth, then so be it."

Mr Salinas broke with the PRI's triumphal customs and yesterday dropped out of public view.

The regime's original plan, according to PRI insiders, was a clean election, with rapid recognition of opposition victories in several of their major, predominantly urban strongholds. The presidential vote for Salinas would have been topped up – largely by inflating returns from the little invigilated countryside – if this fell much below 45-48 per cent.

Instead, after mid-day yesterday PRI leaders at state level appear to have lost their nerve after witnessing record turnouts, and a visible turn towards Mr Cárdenas. This included, according to informants, the powerful oil workers' union in the Gulf of Mexico states, where irregularities were particularly numerous.

The opposition's uncompromising response has removed all possibility of a clean, rapid list of PRI "concessions."

These would have served, one senior regime official said on Monday, to legitimise the overall outcome. The challenge now for all sides is credibly to document their claims and avoid sorting them out in the streets.

Reagan defeated over plant closure bill

By Nancy Dunne in Washington

PRESIDENT Ronald Reagan has suffered a major legislative defeat with the overwhelming passage by the US Senate of a bill requiring companies to give workers 60 days' notice of big lay-offs and plant shutdowns.

The bill, passed by 72-23 late on Wednesday, represents the labour lobby's most important victory in years. Its backers have successfully framed the debate as "a fairness issue," arguing that fired executives get millions of dollars in "golden parachutes" while long-serving factory workers may show up at their jobs one day only to be locked out.

The measure became enmeshed in presidential politics when it was warmly endorsed by Governor Michael Dukakis, the prospective Democratic candidate. His state of Massachusetts has enacted a weaker, voluntary version of the measure.

The vote was a defeat for business interests, which argued that the measure provides for unwarranted government intrusion.

The best the Administration could do – in the face of the bill's momentum and wide-spread public support – was to delay it so that the Democrats probably will be unable to assail a presidential veto at their presidential convention beginning July 18. The bill is expected to pass in the House of Representatives next week – along with the 1988 Trade Bill – but the President can wait up to 10 days before a veto.

The measure would require companies with at least 100 employees to provide 60 days' notice to workers before a factory is closed or at least 50 workers are laid off. It has been watered down from its original form and is riddled with exemptions, but Senate Republicans have attempted to weaken it further in an effort to prevent a politically embarrassing veto override.

The bill was originally attached to the Trade Bill. When the President vetoed the Trade Bill in May, he cited the plant closings provision as his key objection.

Electronic enigmas at heart of US account of Airbus disaster

Lionel Barber reports on clues and theories surrounding the downing of the Iranian civil airliner

OF ALL THE clues to the downing of the Iranian civil airliner, the most baffling remains the origin of the signal received by the USS Vincennes which identified the plane as a hostile F-14 jet fighter.

It was this signal which caused Captain Will C. Rogers III, the commanding officer, to give orders to fire the surface-to-air missile that Iran said killed all 290 passengers aboard the Airbus airliner.

The Airbus 300-B2 aircraft emitted both civilian and military signals on its journey from Bandar Abbas to Dubai last Sunday, according to the Pentagon. This apparent contradiction has prompted several theories, the latest being that a second aircraft was in the area causing the case of mistaken identity.

This explanation gained ground on Wednesday when Pentagon officials revealed that coded electronic pulses picked up by the Vincennes were identical to signals sent out by Iranian F-14s recently deployed at Bandar Abbas airfield from which the Airbus took off.

A second explanation is that the Iranians might have deliberately put a Mode 2 military transponder on board the airliner. Military controllers at Bandar Abbas airfield – both a civil and military base – could then read the code to assure themselves that the approaching aircraft was Iranian and not a hostile Iraqi bomber. The ultimate conspiracy theory – that Iran set up the Airbus as a target for US Navy warships – is all but discounted.

And yet, as Professor Anthony Cordesman, a professor of national security studies at Georgetown University in Washington, pointed out yesterday, all these theories overlook a simple if central fact. The sophisticated electronic Aegis combat system aboard the Vincennes which tracked and destroyed the Iranian passenger jet is simply not designed to distinguish between civil and military aircraft.

The sole function of the Aegis system is to distinguish between friend and foe through a digitalised electronic system which can identify the coded signals sent out by hostile military aircraft.

In other words, Aegis does not display an image which, for example, would reveal a wide-bodied Airbus and the sleaker profile of a jet fighter. "There is only one display on the whole ship," said Prof Cordesman, who also points out that Aegis is designed for tracking sophisticated Soviet aircraft and other ocean warfare, not the crowded pond of the Straits of Hormuz.

It is unclear whether the Vincennes had a separate high-tech system known as Infra Red Search and Track System aboard. This uses heat emissions to identify different types of aircraft.

US Navy investigators in the Gulf are soon expected to return to Washington where they will examine all the tapes of the voice and electronic transmissions by the Vincennes and other ships in the area at the time of the attack last Sunday.

Until they do so, all theories about the downing of Iran Air 655 must remain speculative. But some initial lessons about the episode have become clear.

The Pentagon news briefing conducted by Admiral William Crowe, chairman of the joint chiefs of staff, last Sunday was based on incomplete information. His statement that the Iran airliner was outside its designated air corridor appears incorrect.

The second key discrepancy lies in Admiral Crowe's assertion that the Airbus was descending. It now appears it was ascending after take-off from Bandar Abbas. Thirdly, experts have reacted sceptically to Pentagon claims that the suspect aircraft was travelling at 450 knots – which seems too fast for a civilian airliner at that point in its journey.

With hindsight, the Pentagon briefing may have been a tactical error because it has allowed the US news media to pick an inevitably incomplete American account apart. And yet in a town such as Washington – where the demand for information and accountability – is insatiable, it would have been inconceivable for the administration to shut up shop for a week to get its story straight.

Kuwait arms sales plan before Congress

THE US Administration yesterday presented to Congress a proposal to sell $1.9bn worth of aircraft and missiles to Kuwait, Reuter reports from Washington.

The sale, which includes 40 F-18 fighters, is opposed by some members of Congress who fear a threat to Israel and proliferation of sophisticated weapons in the Gulf.

Deputy Assistant Secretary of State Mr Peter Burleigh told a congressional panel that Kuwait has been the victim of "Iranian-sponsored terrorism" and repeated attacks by Iran on its territory and commercial interests.

The package includes Harpoon and Maverick air-to-sea and air-to-ground missiles, Sparrow and Sidewinder air-to-air missiles, laser-guided bombs and cluster bombs.

Brazil balance of payments

Brazil expects a $5.34bn balance of payments surplus this year, compared with a $3bn deficit in 1987, John Barham reports from Sao Paulo.

The central bank, which drew up the figures, forecast a $6.49bn capital inflow and a $15bn trade surplus. Debt service and other hard currency payments should reach $14.27bn, it said.

Government officials said an estimated $3.12bn in debt-to-equity conversions, a $5.2bn foreign debt refinancing package and a larger trade surplus accounted for the improved balance of payments figures.

Honduran officer's move 'drug-linked'

A senior Honduran officer has been removed from his post in a move that appears to be linked to his opposition to drug smuggling activities in the country, Tim Coone reports from Managua.

Colonel Alvaro Romero, considered one of the most professional and moderate officers in the Honduran army, has been removed from his command of the sixth infantry brigade, based at San Pedro Sula, and has been pushed sideways into the post of Inspector General of the Army. Two other officers have also been transferred in related moves.

WORLD TRADE NEWS

Mitsubishi ahead in race to supply Spanish trains

BY PETER BRUCE IN MADRID

MITSUBISHI, the Japanese engineering giant, has emerged as the leading bidder to supply the Spanish national railway, Renfe, with 24 high speed trains and 75 high-powered general locomotives. Its offer is understood to be 30 per cent lower than tenders from Siemens of West Germany and Alsthom of France.

Mitsubishi'a offer is particularly competitive for the 24 high speed trains. It has eurprised local officials by bending its order completely to Spanish specifications. There are suggestions that it regards the tender as a loss leader to help establish itself in the European market for railway equipment before 1992.

Renfe confirmed yesterday that it had suggested to Siemens and Alsthom that they redraft their offers.

The deal is worth aome Pta 70bn – Pta 38bn for the 155mph trains and Pta 32bn for the locomotives – and Renfe said yesterday it expected a final decision on the tenders to be made around Octobar. Tha Government is likely to make a provisional decision this month, however.

The order is part of an ambitious Pta 2.1 trillion (million million) plan to reshape Spain's antiquated and often dangerous rail system by the year 2000. Some Pta 506bn of the overall sum is to be spent on trains, locomotives or rolling stock.

Although Mitsubishi's tender is sharply lower than the main European competition, the race for the contracts is by no means over. There is pressure on the Government to ensure Spanish involvement in the winning order. Mitsubishi is said to have offered to make investments and acquisitions in Spain should it win, but Siemens and Alsthom lead consortia with Spanish members.

By the tender date of June 14, Siemens had bid along with Asea Brown Boveri, Krauss Maffei, Thyssen Henschel and a private sector Spanish partner, Material y Construcciones. Alsthom is leading a consortium consisting of the Spanish state-owned groups Maquinista Terrestre y Maritima and Ateinsa, with the private-sector companies Construcciones y Auxiliar de Ferrocarriles, Cenemesa and Conelec as subcontractors.

The Czech Skoda group has tendered for just the locomotives, while an Italian joint effort has been produced by Fiat Ansaldo and Breda Ansaldo. Neither group is thought to have much chance.

Whatever the result, Spanish groups are likely to benefit because the Government is insisting thet at least 80 per cent of the order is manufactured locally. Madrid hopes the transfer of technology will enable it to bid for railway modernisation projects in Latin America.

US trade bill 'will liberalise exports'

BY NANCY DUNNE IN WASHINGTON

THE US will have a new trade bill this year, probably by August, which will rednce the number of export licence applications for American companies by about a quarter, according to a higb-level Administration official.

Speaking at a seminar for foreign and US exporters, Dr Paul Freedenberg, Commerce Department undersecretary, said the trade bill, moving once again through Congress, eliminates virtually all licences to all free-world destinations. Among those benefiting most will be makers of small personal computers, magnetic recordars and aoma machine tools.

China, he said, would also benefit by the US liberalisation of export controls, "assuming that their behaviour remains good" on the question of selling missiles to Iran. Proposals within Cocom to permit broad liberalisation of licensing for China are being debated this month at the technical level.

He said the US Government was concerned that in the EC's rush towards a single market in 1992 it did not lose sight of the national security concerns underling the multilateral export control system.

"A single, open European markat will mean that Western Europe'a export control system will only be as effective as its weakest link."

Work is being carried out on rationalising the control lists of the Cocom members to cover the most significant technologies, to harmonise the members' national controls and to facilitate trade among the members by working towards a licence-free zone within Cocom.

Once the trade bill becomes law, the US will be unable to impose re-export controls on products in which the value of US parts and components is 25 per cent or less. The bill also eliminates requirements for re-exports into Cocom.

Dr Freedenberg said there would be an increase in US trade with the Soviet Union but it would encompass only non-strategic goods and it would not be "a great deal."

China plea to Cocom on exports

By Robert Thomson in Peking

CHINA has called for the co-ordinating committee for multilateral export controls (Cocom) to relax restrictions on exports of high technology, and wants members to maka more distinctions between exports to China and other Communist nations.

The Ministry of Foreign Economic Relations and Trade said preferential provisions drafted for China in October 1985 for 27 categories of exports were inadequate, and continuing restrictions had "deprived Cocom countrias of a lot of business opportunities in China".

Cbina was particularly annoyed by the disruption of import contracts following tha Toshiba Machine Company scandal last year, and the resulting clamps on exports of Japanese technology.

The Trade Ministry complained that Cocom still restricted "some kay higb-tecb gooda and know-how", and suggested that it should eventually remove all barriers on exports of high technology to China.

Moscow to price more deals in Ecu

By David Buchan in Strasbourg

A LEADING Soviet banker yesterday said the Soviet Unioo would increasingly price import contracts and credits in the European Currency Unit, because it was more stable than national currencies.

Mr Thomas Alibegov, a board member of the Soviet External Economic Bank, was speaking in Strasbourg at tha invitation of a European Parliament committee to promote the Ecu.

He said the Soviet Union was now pricing some of its imports from Italy, France, the UK and even Sweden, which is not an EC member and whose currency is not part of the Ecu basket, in Ecus.

The Soviet Union was also, he said, beginning to take more official export credit from West European governments denominated in Ecus. Thie trend would cootinua because the Ecu "was not based on any particular national monetary policy, and is now a stable currency to borrow in".

Greater Soviet borrowing in Ecus has, in fact, been pushed in recent years by the UK Govarnment, consciooe that Moscow has often been deterred by the high interest rate attached on sterling export credit, compared to D-mark borrowings.

London has argued that Moscow would find it easier to compare rival Western bids priced in Ecus, and UK exporters would be less disadvantaged in currency terms.

Gatt schedules

GATT has started to publish complete tariff schedules of countries which have introduced the harmonised system of customs classification, writes William Dullforce in Geneva.

The Harmonised Commodity Description and Coding System, in operation since January, replaces a welter of different customs classification systems. Schedules can be bought from the Gatt Secretariat, 154 rue de Lausanne, 1211 Geneva 21, Switzerland.

Michael Donne reports on the prospects for a battle in the skies

Boeing fleet prepares to meet rivals

BOEING, the world's biggest builder of jet airliners, is poised to move quickly if negotiations this summer on collaboration between its rivals, Airbus of Western Europe and McDonnell Douglas and Lockheed of the US, result in a new airliner venture.

It believes that with its current family of airliners it can not only counter tha existing projects offered by its rivals but answer most of the collaborative ideas already mooted.

The Boeing family of jets takes in the 747 long-range four-engined Jumbo, and the series of twin-jets, the 767 medium-to-long-range, the 757 medium-range and the 737 short-to-medium aircraft, all of which are available in several versions.

The 737-400 of up to 168 seats, for example, is already offering strong competition to the 150-seat A-320, despite the latter's success in world markets.

Boeing believes that with minimal modifications, if any, its 757 twin-engined series of up to 228 seats could meet any proposal for a "stretched" version of the 150-seat Airbus A-320 to carry up to about 212 passengers.

Boeing is already able to offer the 757 with equipment for long-distance operations over water and has plans for a higher gross weight 757, for increased passenger loads or longer range, in additioo to studies for convertible passengar/cargo and "stretched freighter" versions.

Boeing is closely watching McDonnell Douglas's interest in prop-fans, and especially the possibility that it might develop a small 100-seater aircraft using such engines, the MD-91, with or without Airbus collaboration.

McDonnell Douglas has already successfully conducted flight tests using an MD-80 airframe with a General Electric GE-36 prop-fan installed at the rear. The company is planning to bring that aircraft to the Farnborough Air Show in early September.

Tha MD-80 series airliner, using conventional jet engines, is already in service. By installing prop-fan engines, called retrofitting, McDonnall Douglas could comparatively easily and cheaply put a prop-fan 100-plus seater into airline service in the early 1990s, subject to the engine makers, General Electric and PW-Allison, potting a prop-fan engine into quantity production.

Such a move would oblige Boeing to reconsider its approach to this sector of the market. Its current 100-plus seater, the Series 500 version of the 737, is selling well – more than 120 so far out of total sales of 2,137 for all models of the 737. But Boeing recognises that it would not be able to compete with a prop-fan offering

In another sector, Boeing could swiftly respond with an improved version of its 767 "family" of twin-engined jets, if its rivals decided on a new joint three-engined long-range airliner, using the wings of the Airbus A-330 aircraft with the fuselage of the McDonnell Douglas MD-11, both of which are under development.

Boeing has a "product development study" in hand to put a new wing on the 767 to enable it to stretch the fuselage, increase its weight and offer more range and payload – the so-called 767-400.

The only area where there is more uncertainty as to a Boeing response is in aircraft using prop-fans – the revolutionary engines can cut fuel consumption by up to 40 per cent compared with current jet engines.

Boeing's own long-running plan for a 150-plus seater prop-fan powered airliner, the 7J7, has been shelved because of lack of airlina interest. It could, however, be revived.

This might occur, if in the light of competition from the Boeing 757, Airbus and McDonnell Douglas decided jointly to turn any "stretched" A-320 into a prop-fan aircraft.

significantly lower fuel consumption.

The 737'a design, with underwing jet engines, does not lend itself to retrofitting with the prop-fan engines as currently designed. They use "open rotors"; that is, their big propeller blades are unshrouded, making them unsuitable for wing-mounting for both ground-clearance and safety reasons.

One solution might be to look for a different version of the prop-fan engine – the so-called ducted fan which provides the benefit of similar fuel savings but is designed with a casing round the engine for under-wing mounting.

Although the engine builders have being studying this concept, no sncb engine is yet under full-scale development and it would probably take a long time to materialise.

Boeing's anewer to qnestions on this idea is that It is among the options being studied but that no conclusions have been reached.

The company believes, nevertbelese, that the reservoir of advanced technology derived from the 7J7 programme – much of which, apart from powerplants, is being built into all the other models in its range – will enable it to move fast whichever way the market, and its rivals, move.

Qantas Airways, Australia's international carrier, has ordered three more Boeing airliners, Reuter reports from Sydney.

The two 747-400s and a 767-300ER will cost $500m (£295m), bringing the airline's order list to 11 new aircraft, costing $2.06bn.

The state-owned flag carrier now has six new 747-400s and five 767-300ERs due for delivery by the end of 1989.

EC presents patents proposals to Gatt

BY WILLIAM DULLFORCE IN GENEVA

THE EUROPEAN Community yesterday presented the most ambitious proposals for the protection of patents, trademarks, copyrigbts, computer programmes and semiconductor layout designs tabled in Gatt's trade-liberalising Uruguay Round.

Submitted to the group negotiating on intellectual property rights, the EC outlines standards for seven areas of intellectual property which it suggests all Gatt's 96 member countries sbould agree to translate into their national laws.

Under the proposal, all Gatt countries would adhere to the Paris convention covering patents and industrial property and to the Berne convention on literary and artistic copyrights.

Although they criticised some of details, most big trading nations reacted warmly yesterday to the proposals.

Industrial lobbies in the US, Japan and the EC have recently joined forces to campaign for protection against the abuse of intellectual property rights which, according to one estimate, was causing industry losses of some $60bn (£35bn) a year.

A more recent US government report put US losses from international piracy of copyrigbts, patents and trademarks at between $43bn and $61bn in 1986.

Last November the EC presented in Gatt ideas on how an international agreement on intellectual property rights might be enforced, but it was not specific about the scope of the accord or the standards to be applied.

The US and Japan have tabled proposals spelling out principles and standards. Yesterday's paper from the EC – the most detailed so far – means the world's three big trading blocs are moving broadly in the same direction.

No firm agreement is expected before the mid-term review of the Uruguay Round in December and developing countries still have to be brought on board. However some form of international accord now seems likely.

Canada and other countries yesterday praised the EC proposal for building on existing treaties – the Paris and Berne conventions and others under the World Intellectnal Property Organisation (WIPO) – and on established Gatt principles.

The EC put special emphasis on using the Gatt dispute settlement mechanism to avoid conflicts over intellectual property which result in unilateral, retaliatory trade action by the country which feels itself offended.

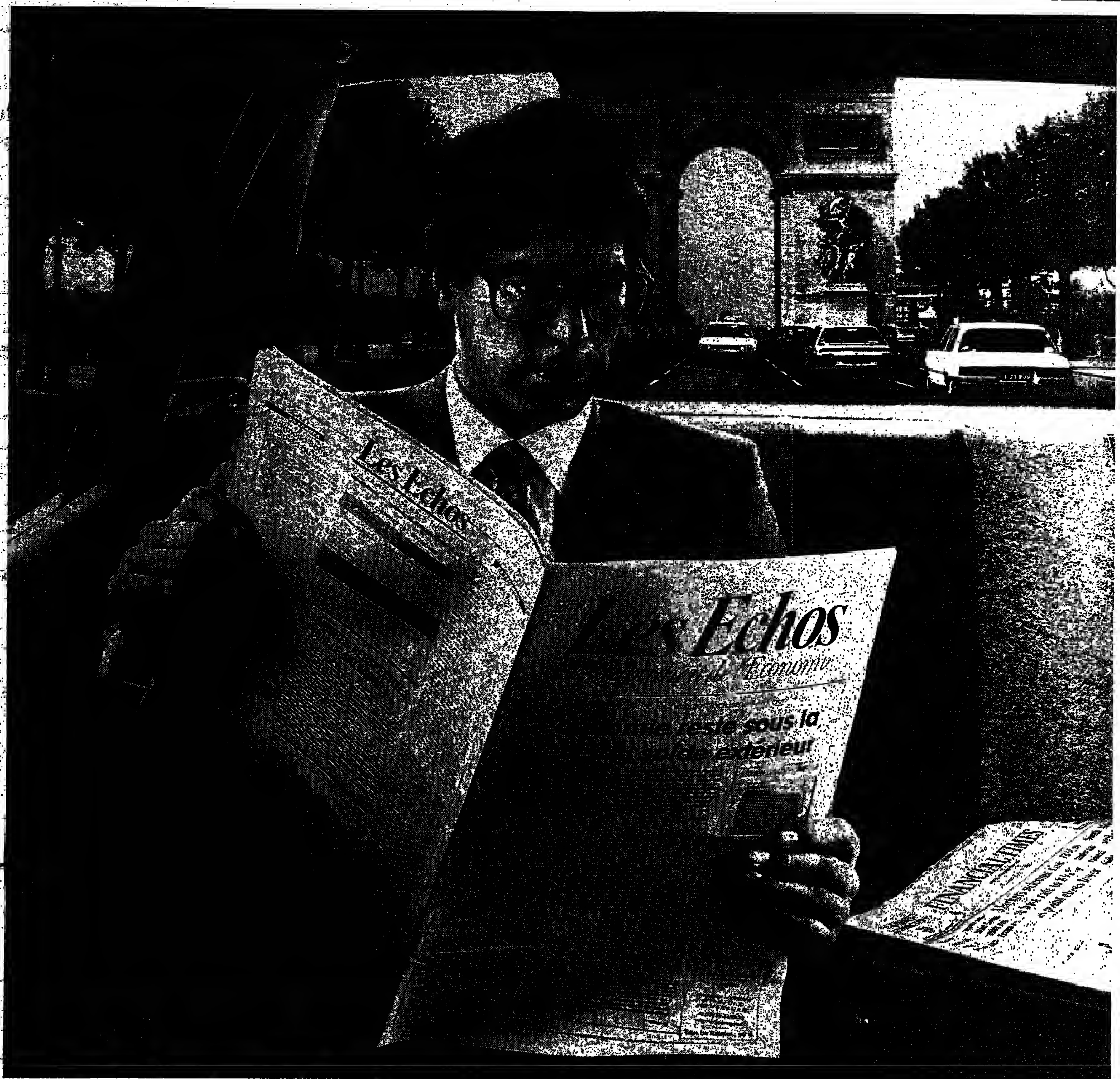
The EC proposed that the period of validity for a patent should be 20 years from the date of filing the application and that a patent should be granted for any invention susceptible to industrial application and involving an inventive step.

Registration of a tradamark could be renewed indefinitely, the EC suggested. It could be cancelled only after an uninterrupted period of at least five years of non-use.

Creators of computer programmes would retain an exclusive right to their reproduction, adaptation and translation.

The topography of a semiconductor would be protected by exclusive rigbts, including the right to authorise or prohibit the reproduction of the lay-out or its commercial exploitation.

Protection for producers of phonograms, performers and broadcasting organisations should last at least 20 years after a performance or broadcast.



This French businessman buys a second financial paper. So did Pearson.

The Financial Times outsells the Wall Street Journal by eight to one in Europe. To Pearson this is only a springboard.

Part of a 'Triple-Track' strategy to build a dominant position in international financial publishing.

Track One includes supporting the FT with a network of printing plants around the world: in Frankfurt, Roubaix and New York, with new ones planned.

Track Two recognises the need in most countries for an indigenous financial and business daily.

Pearson now has a majority shareholding in Les Echos, the leading daily French business and economic paper.

We also have a stake in the Canadian Financial Post, and plans to extend this network further.

Track Three is the development of the FT's electronic database. It includes Profile, the leading on-line text retrieval system, and Cityline, the automatic telephone share information service. These will be complemented by the introduction of the FT Statistical Database, due on-line later this year.

Pearson's indigenous papers can tap into this pool of information, as well as into the FT's unparalleled network of journalists.

In financial information, Pearson is the name that makes news.

PEARSON

THE NORTH SEA DISASTER

Offshore oilmen haunted by nightmare of fire

BY MAX WILKINSON, RESOURCES EDITOR

MUCH THE worst North Sea oil disaster before the Piper Alpha platform explosion on Wednesday night was the the capsizing in 1980 of the Alexander L. Kielland, a Norwegian-owned semi-submersible rig. On that occasion 137 people were drowned in stormy weather in spite of the rescue efforts ships and aircraft from five nations.

Although the loss of life was great, it was less than the Piper Alpha disaster. Its causes were also quite different from the nightmare which haunts all oilmen in the offshore industry: that the oil and gas pouring up from the seabed, with vast explosive power could somehow escape and catch fire.

This was the fear which dominated the earlier spectacular blow-out at the Norwegian Ekofisk field in April 1987. An upsurge of presure blew the lid off a well and poured an uncontrolled fountain of oil out into the North Sea at the rate of 170 tonnes an hour for 181 hours before it was staunched by a fire-fighting team from Texas.

In the frantic efforts to stop the stream, industry experts were hoping that the boiling hot oil would not catch light. They were lucky; it did not and no lives were lost on that occasion.

These fears, and blunt warnings from "Red Adair", the Texan who controlled the blow-out, led to a sharp increase in safety measures in the North Sea, including the commissioning of several large fire-fighting semi-submersibles. However, none of these could have been any use against the explosion which ripped through the Piper Alpha in a matter of seconds.

The other two oil rig disasters which have caused major loss of life both resulted from capsizing in rough waters. In October 1981,a US oil drilling ship sank in the South China Sea, killing 81 people. Then a year later, in September 1982, 84 men died when the US oil rig Ocean Ranger keeled over in the North Atlantic.

Most loss of life in offshore exploration results from small accidents, however.

In the UK North Sea sector a total of 81 people lost their lives in the industry between 1978 and 1981, with the deaths fairly widely distributed between those engaged in diving, in boats, drilling, maintenance or in helicopters.

This number, although high compared with some industries, has to be set against the average of about 25,000 workers in the sector during the period.

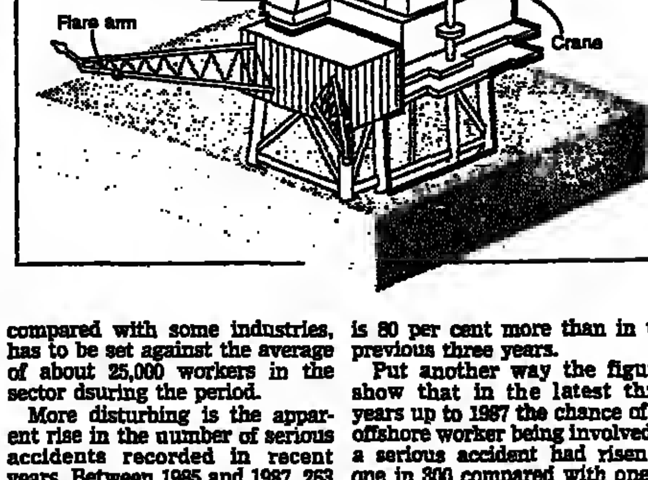
More disturbing is the apparent rise in the number of serious accidents recorded in recent years. Between 1985 and 1987, 263 people were involved in serious accidents, most of them drillers, divers or maintenance men. This is 80 per cent more than in the previous three years.

Put another way the figures show that in the latest three years up to 1987 the chance of an offshore worker being involved in a serious accident had risen to one in 300 compared with one in 550 in the previous three years.

Among North Sea oil industry accidents are: 1965: capsize of the Sea Gem oil rig run by British Petroleum: 13 killed. 1977: blowout at the Ekofisk platform: huge oil slick but no deaths 1979: Helicopters plucked 500 people to safety when a crane barge broke free from a Tartan Field platform. 1980: 137 die when storm tears leg from Alexander Kielland on Norway's Ekofisk field.

1981: 41 evacuated from the British oil rig Transworld after drifting in rough seas; 400 airlifted to safety after crack found in the semi-submersible Borgland Dolphin rig; 13 die when in crash of N.Sea support helicopter. 1983: Explosion and fire at a BP oil rig with 141 people on board, injuring 13. Two die in explosion aboard the Cormorant Alpha platform operated by Shell-Esso.

1984: Explosion on the Alpha Piper rig run by Occidental Petroleum injures 55. Fire on Shell's Brent-Bravo platform kills three, injures six. 1985: Two US engineers die in explosions on Phillips drilling platform; 11 die in two separate helicopter accidents. 1986 Explosion at British Petroleum Sullom Voe terminal; no casualties; explosion at the Brent Alpha Platform operated by Shell-Expro. No casualties.



Platform carnage resembled war zone

By Our Aberdeen Correspondent

ABERDEEN and its large oil community was in a state of shock yesterday as details of the extent of the Piper Alpha catastrophe emerged.

By mid-afternoon, Aberdeen Royal Infirmary had dealt with only 63 survivors and it was clear there was little hope of many more being found. The bodies of the dead were being taken to an emergency mortuary in the city.

Mr John Brading, Occidental's UK chairman, appeared close to tears as he answered questions at a press conference in the city chaired by Mr Peter Morrison, Energy Minister.

Mr Brading said the Piper platform, 120 miles north east of Aberdeen, had more than the usual number of men on board as contractors were working on linking up Occidental's Chanter field to the existing Piper, Claymore and Tartan network.

A massive and well-practised rescue operation had swung into action late on Wednesday night as soon as news of the explosion reached the mainland.

At 1.30 am a medical team flew out from Aberdeen to scenes reminiscent of a war zone. There had already been at least two major explosions which left the platform a twisted mass of burning metal. The heat was so intense that pilots could feel it from over a mile away and the fire-fighting vessel Tharos was forced to move away from the area.

The captain of the first Nimrod to fly over the area, Squadron Leader Garfield Porter, had high praise for the efforts of the helicopter and surface vessel crews operating in the area. He described explosions reaching 3,000 feet up into the sky.

The bulk of the crew on the platform were Scottish, and a high proportion live in and around Aberdeen.

One survivor Mr Iain Letham, a seaman on the safety stand-by vessel Sandhaven, went with two other crewmen in a fast boat to try to rescue six oilmen.

Their mercy mission came to an end with an explosion from the platform which melted Mr Letham's hard hat. He spent an hour in the water and believes that his two fellow crew members and the men they were hoping to rescue perished.

Mr Derek Ellington, a rigger, described how he heard two "banshee wails" caused by gas leaks which were immediately followed by the first explosion which wiped out the platform's control room. His description appears to give credence to the suggestions that a gas leak was the cause of the carnage.

Local councils face tightened capital controls

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT yesterday proposed sweeping changes in capital controls over local councils to curb the sharp rise in the borrowing of some authorities and accelerate debt repayment.

Unveiling the plans in the House of Commons, Mr Nicholas Ridley, the Environment Secretary, also said that the present flexible system of rate support grant would be ended from midnight on Wednesday.

These changes represent a further restructuring of local government finance before the community charge, or poll tax, is introduced to replace the present rates, or property taxes, in April 1990. Rates are paid to local authorities. The level of government grant for 1989-90 has also been fixed at a level about £1.2bn above the provision in the last public spending White Paper, or policy document. This will have to be deducted from the unallocated reserve of £7bn for next year in the forthcoming Whitehall discussions over public spending plans.

Mr Ridley said that if spending was held steady in real terms this level of grant would enable authorities to limit rate rises to an average of 1.8 per cent, less than the expected rate of inflation.

The most important proposal affects local authority capital controls, as set out in a consultative document, with legislation planned in the next parliamentary session. The present system of controls on expenditure is being replaced by annual limits on borrowing and other credit.

Part of existing and future capital receipts will have to be set out aside for the redemption of debt or to meet future commitments. Initially up to 25 per cent of the proceeds from the sale of council houses (against 20 per cent now) and 50 per cent of other capital receipts (against 30 per cent) will be available for new capital spending, with no restrictions on when the money is spent.

The changes will tighten the squeeze on high borrowing authorities, while slightly increasing the financial freedom of manoeuvre for low borrowing Tory controlled shire districts.

Editorial comment, Page 14

Underwriters may face biggest ever single insurance claim

BY NICK BUNKER

INSURANCE LOSSES FROM WORLD'S WORST MAN MADE DISASTERS

1985	Japan Airlines Boeing 747 crash	US$345m
1985	Air India Boeing 747 explosion	$95m*
1983	MGM Hotel, Las Vegas	$75.9m*
1982	Ocean Ranger oil rig, Newfoundland	$93.5m
1980	Alexander Kielland, accom. platform	$84m
1979	Three Mile Island, nuclear accident	$440m
1979	Bantry Bay oil terminal fire	$100m

Notes: *Air India: hull only. MGM Hotel: liability only

THE Piper Alpha disaster may produce by far the biggest single claim ever faced by the world's insurance underwriters, with property damage alone costing insurers more than $800m (£470.5m), assuming the platform is a total loss.

Coming less than three months after the fire which devastated the Enchova gas-production platform off Brazil - causing perhaps $300m of insured losses - its biggest impact is at first likely to be on underwriters in the Lloyd's-led London market, the world's leading centre for offshore oil and energy risks since the 1960s.

First reactions at Lloyd's were cautious - since global insurance programmes for multinational oil companies are so complex that it will take a long time to be clear exactly where the biggest share of the loss will ultimately fall. But, said Mr Jonathan Gilbert, of Sedgwick Offshore Resources, the world's leading energy industry insurance broker: "We have to assume that underwriters are going to be horrified, upset and emotional. There's no doubt it's going to be a very nasty loss."

In the case of the Piper Alpha, the platform's structure was insured for more than $800m - meaning that if the it is a constructive total loss, then the claim will dwarf the cost of recent big disasters such as the 1985 Japan Air Lines and Air India Boeing 747 disasters.

Most of the property coverage - which in these cases usually includes cover for physical damage to the platform, plus a variety of ancillary risks such as pollution damage and oil-well redrilling - was arranged by Willis Faber, one of the UK's biggest insurance brokers. By last night, Willis had already dispatched to the scene staff from Bateman Chapman, a specialist loss adjusting and surveying firm which will act for the leading underwriters on the risk.

One measure of the complexity of the insurance aspects of the disaster is that Willis acts for only three members of the platform's operating consortium: Occidental Petroleum, Texaco Britain, and Thomson North Sea. The fourth - Union Texas Petroleum - used as its broker Alexander Howden.

A further feature which complicates the picture is that each of the four consortium partners had its own insurance programme. Mr John Turner, deputy managing director of Willis's oil and gas division, said that Occidental - the biggest partner - placed its property insurance with O.I.L, a Bermuda-based mutual insurer, with about 20 leading oil groups as members.

The rest are thought to have been insured for the property risk mainly in London. Mr Turner said that one of the partners - Thomson North Sea - was covered under the Sedgwick London Drilling Rig Master Contract, a huge annually renewable insurance facility provided by Lloyd's underwriters. And the facility completed its 1988 renewal only in the last week of June. It was an open question yesterday, however, to what extent the London insurers would have reinsured the Piper Alpha risk worldwide.

It was also not clear yesterday where the consortium's members had placed their insurance against liability claims arising from deaths and injuries - which could swell the final insured loss

Oilmen surrounded by images of danger

BY MAX WILKINSON, RESOURCES EDITOR

VIVID IMAGES of danger confront the offshore oil worker from the moment he reports at the helicopter terminal for his bleak two week stint.

After his bags are checked for 'contraband' items, mainly alcohol, which is *strictly forbidden* throughout the industry, he must climb into a black and orange rubber suit.

The suit would allow workers to survive for a few more minutes the icy North Sea should the helicopter be forced to ditch, or if the worker was swept off the landing pad and was lucky enough to survive the fall.

Another grim reminder of danger is the frequently updated body count most operators insist upon to ensure that none of their men is missing.

In more subtle ways danger, and the efforts to combat it, can never be far from the mind of an offshore oilman. At the end of an evening shift, a man crossing the windswept steel walkways high above the waves might see far out in the gloom a red or a green eye keeping its watch on the platform. This is the safety ship which must by law patrol the surrounding seas.

Once a week at some unspecified time a dummy will be thrown off the platform just to ensure the men on the converted trawler below are keeping a good lookout and can launch their inflatable lifeboat in the prescribed number of seconds.

Some 65 men survived Tuesday's fire while at least 166 died. One survivor said: "There was no time to ask - it was over the side or nothing. I just dived - it may have been 60 feet. It was a case of fry and die, or jump and try."

At regular intervals, the safety boat sends a great fountain arching across its bows to show that *its fire-fighting equipment is in* order. The effect is impressive but everybody knows the jets would be useless against the kind of holocaust which devastated Piper Alpha.

Although some men cope better than others with these stresses, oil companies have long recognised that even though alcohol is banned, boredom, stress or fatigue could always lead to a human error, with potentially devastating consequences.

The platforms, although enormous, pack large amounts of combustible materials, power generation equipment and process plant close together and, inevitably, near to the crew's quarters.

Lawson rejects calls for controls to curb spending

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

MR NIGEL LAWSON, the Chancellor of the Exchequer, yesterday firmly rejected suggestions that he should act to cool the rapid pace of spending in Britain's economy by raising taxes or introducing credit controls.

In a move aimed at squashing speculation that emergency action might be needed to prevent the economy from 'overheating', Mr Lawson said that *interest rates would remain the* Government's key weapon in combatting price rises.

The 2½ point rise in borrowing costs to 10 per cent during the last six weeks had demonstrated its absolute commitment to bear down on inflation. The Chancellor acknowledged, however, that the consequent rise in mortgage rates would produce an upward blip in the retail prices index.

His speech, delivered at the annual luncheon of the Cities of London and Westminster, follows the recent spate of criticism of official policy from economists in financial markets.

Many of those economists have called for either a tightening of fiscal policy or the introduction of credit controls to curb demand in the economy and to prevent a further deterioration of the trade balance.

The Chancellor, however, said that: "Inflation is pre-eminently a monetary phenomenon, and interest rates are the essential instrument of monetary policy".

Gilts open to Japanese

BY DAVID LASCELLES

THE TWO largest Japanese securities houses, Nomura and Daiwa, are to begin dealing in the gilt-edged (Government securities) market by the end of the summer after the lifting of a UK Government ban yesterday.

They announced their plans after being given the go-ahead by the Bank of England which regulates the gilt-edged market.

The two companies were officially recognised as gilts dealers by the Bank in May. But the Government subsequently prevented them from starting trading because of a dispute with Tokyo over reciprocal access for UK houses to the Japanese securities markets, notably for BZW and James Capel which are seeking membership of the Tokyo stock exchange.

The UK change of heart has taken place without any obvious sign of progress at the Japanese end.

Child abuse row takes legal turn

A DAY after Lord Justice Elizabeth Butler-Sloss presented her findings on the Cleveland child sexual abuse contoversy, solicitors in the north-eastern county yesterday issued writs seeking damages from the two doctors around whom the row erupted.

The writs, issued out of Middlesbrough High Court, were made on behalf of a couple whose three children were taken from them by court order after they were diagnosed as having been sexually abused.

The children were among 121 diagnosed as the victims of sexual abuse during five months last year by paediatricians Dr Marietta Higgs and Dr Geoffrey Wyatt at Middlesbrough General Hospital. Yesterday's writs were served on lawyers acting for the two doctors.

Most of the children diagnosed as the victims of abuse were separated from their families and as thair numbers grew, so did concern among the local police and parents, many of whom formed into a support group.

Dr Higgs and Dr Wyatt used a controversial reflex anal dilation test to establish the likelihood that children had been abused.

At the end of June last year Mr Stuart Bell, MP for Middlesbrough, raised the issue in the House of Commons and, as the controversy drew national attention, the Government ordered a statutory inquiry to be headed by Lord Butler-Sloss.

The inquiry's report was published earlier this week at Middlesbrough town hall, where earlier this year the Lord Justice had presided over a 74-day hearing into the affair.

Yesterday's legal moves had been widely predicted and another solicitor representing 12 couples affected by the affair said further legal proceedings would be issued in the next few days against the doctors and council officials responsible for the area's social service system.

Taboo which must remain in the limelight

BY ALAN PIKE

CHILD SEXUAL abuse is a subject which makes many want to pass by on the other side of the road.

Embarrassment, lack of knowledge and prejudice combine to make it an issue more comfortable to ignore than to confront.

To compound this, since Lord Justice Butler-Sloss's report of the inquiry into the Cleveland child abuse affair contains criticisms of the professionals and agencies involved, there is a danger that the issue will be transformed in the minds of many into yet another debate about the imperfections of bureaucratic organisations.

It is not. Child sexual abuse is the issue and events at Cleveland, unusual as they were in many ways, occurred because such abuse occurs.

The extent of this form of child abuse is unclear, but recent studies suggest that it may be far greater than has been generally recognised.

Lord Justice Butler-Sloss began her conclusions with a clear statement thet places the report in this context. "We have learned during our inquiry that sexual abuse occurs in children of all ages, including the very young, to boys as well as girls, in all classes of society and frequently within the privacy of the family."

Mr Brian Roycroft, president of the Association of Directors of Social Services, began his organisation's detailed response to the inquiry report by stressing the same point: "Society has to face the reality, however unpleasant this may be, that in Cleveland a significant number of children were found to have been abused.

"Perhaps from now on people will accept that there is overwhelming evidence that child sexual abuse not only occurs, but is being reported more and more frequently."

In the words of Dr Alan Gilmour, director of the National Society for the Prevention of Cruelty to Children: "Parents, the public, professionals, government, the media and everyone else will have to come to terms with this sad reality which for too long has remained hidden."

The NSPCC keeps child abuse registers, and last year these *showed a 21 per cent increase in* registrations for sexual abuse.

Interviews with adults on their experiences as children also point to a higher level of abuse than might commonly be assumed.

There are various academic definitions of child sexual abuse, but the Butler-Sloss inquiry includes a very straightforward one - "the use of children by adults for sexual gratification."

The manifestation of abuse can range from exposing children to pornography to physical fondling and sexual intercourse. Evidence shows that girls are more frequently abused than boys and that abusers are predominantly male and *frequently members of* the victim's family or household.

For many of the parents involved in the Cleveland affair the trauma has been severe and lasting. Some reacted by calling the inquiry report insufficiently critical and by demanding resignations. Some began taking legal action yesterday.

The report spares few leading participants from some degree of criticism, but the criticism is made in a balanced way and recognises the "delicate and difficult line to tread between taking action too soon and not taking it soon enough."

Dr Higgs, says the report, is a caring, competent and hard-working doctor, the accuracy of whose clinical observations the inquiry team did not in general have cause to question.

It was the certainty of the conclusions drawn from the findings that was open to criticism.

The numbers of children diagnosed by Dr Higgs and Dr Wyatt, sometimes on a single day, never appeared to have given her pause for thought and she showed an inability to understand the point of view of others.

Dr Wyatt also took a leading role in the detection of sexual abuse. But it would be an "unjust over-simplification to place the whole burden of the crisis upon the shoulders of Dr Higgs and him."

The report finds that the anal *dilatation test applied by the two* doctors was given undue weight and says that, while anal dilatation is "abnormal and suspicious and requires further investigation," it is not itself evidence of anal abuse.

However, asys the report, in only 18 of the 121 cases handled by Dr Higgs and Dr Wyatt was it the sole physical sign and in no case was it the sole ground for the diagnosis.

Tha report says Mr Michael Bishop, director of social services, and Mr Christopher Payne, chief constable of Cleveland, must bear a responsibility for failing to recognise and resolve differences between social services staff and police over the handling of sexual abuse cases.

The report stresses that the Cleveland experience must not lead to professionals standing back and hesitating in the future before acting to look after children's interests.

It says it is important to remember that social workers, health visitors, police and doctors have in the past been criticised for failing to act sufficiently quickly to protect children.

"In Cleveland the general criticism by the public has been of over-enthusiasm and zeal in the actions taken. It is difficult for professionals to balance the conflicting interests and needs in the enormously important and delicate field of child sexual abuse."

Brussels split over response to Rover deal

By William Dawkins in Brussels and Kevin Done in London

A SPLIT appeared to emerge within the European Commission yesterday over what action to take over the UK Government's plan to inject £800m into Rover Group. The injection would pave the way for the sale of the state-owned car group to British Aerospace.

Mr Jacques Delors, President of the 17-member Commission and Lord Cockfield, the UK Commissioner responsible for the *internal market, are understood to be* urging flexibility towards the deal. In their view the UK Government's proposal for wiping out the group's debt was unlikely greatly to disadvantage the British company's competitors, given thet Rover only holds a 3.5 per cent share of the European volume car market.

Officials from the UK Department of Trade and Industry met EC competition experts in Brussels again yesterday in a further effort to resolve the impasse over the future of the car group.

The two sides expect to be in daily talks for the foreseeable future after Tuesday's tense encounter between Lord Young, the UK Trade and Industry Secretary, and Mr Peter Sutherland, the European competition Commissioner.

Mr Sutherland is understood to be demanding a £200m to £800m cut in the aid which the UK Government wants to give Rover as a condition of its sale to BAe.

BAe has indicated that it would rather scrap the deal than accept a big deterioration in the terms it agreed conditionally with the Government at the and of March.

In London the Department of Trade and Industry and BAe are reviewing all the elements of the proposed takeover package to find a deal which can prove acceptable to both the Commission and BAe shareholders.

Commercial vehicle sales head for further record

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

MORE THAN 175,000 commercial vehicles were sold in the UK in the first six months of the year, an increase of 10.29 per cent compared with the same period a year ago. Sales in the full year are set to exceed last year's record level.

In the truck market above 3.5 tonnes, Iveco Ford has widened its leadership of the market, capturing a 25.4 per cent share in the first six months compared with 22.92 per cent in the first half of 1987.

Leyland DAF, which was only narrowly beaten into second place last year, has fallen behind despite achieving a 9.5 per cent increase in sales to 7,411 units.

Its share of the UK truck market in the first six months declined to 21.8 per cent from 23.12 per cent a year earlier. For the whole of 1987, Leyland DAF accounted for 22.4 per cent of UK truck sales, only just behind the 22.9 per cent captured by Iveco Ford. Both companies are planning to increase output at their UK plants from September.

In the first half of the year, total UK truck sales (above 3.5 tonnes) rose by 16.14 per cent to 33,976 units and both Iveco Ford and Leyland DAF now expect sales for the full year to exceed 65,000. This which would be the highest level since 1979 and an increase of around 12 per cent from the 57,939 units achieved last year.

Iveco Ford increased its sales volume by 28.6 per cent to 8,623 units in the first six months, while Mercedes-Benz of West Germany, which is in third place in the UK truck market, raised sales by 26.13 per cent to 5,015 units and increased its market share to 14.76 per cent from 13.59 per cent.

The biggest loser this year has been Renault which suffered a 9.9 per cent drop in sales volumes and a resulting fall in market share to 6.8 per cent from 8.8 per cent a year ago.

At the heavy end of the truck market in the segment of 16 tonnes and above, the small UK producers ERF, Seddon Atkinson (part of Enasa of Spain) and Foden (part of Paccar of the US) have all increased sales strongly.

ERF increased its sales by 74.6 per cant to 1,853 units, while Foden more than doubled its sales to 685 units.

In the sector of medium vans which is dominated by the Ford Transit, total sales rose by 10.4 per cent to 75,843 units.

These are the days of the asset company

By Paul Cheeseright

SOUND but a little strained, or as they say, finely poised. This is the property share sector as it faces what seems, in 1988 terms, an avalanche of new issues and as it approaches the first anniversary of the record high on the FT-Actuaries Property Share Index.

The sector as a whole has been more expensive to buy into than other on the market, on a price earnings ratio of more than 25, compared with under 13 for the 500 Share Index. The Property Share Index this year has climbed up this year from 975.44 to 1258.31 in mid-June. Latterly it has slipped back so that this week it has been hovering around 1235.

But averages like these only tell part of the story. There has been a sharp difference in the share performance of the companies with a strong asset base, unfavoured before the crash of October 1987, and the development and trading companies, whose activities thrilled the market in the heady days of last summer.

Now the position is reversed. These are the days of the asset company. The developers and traders are out of fashion.

It is into this general situation that new issues are being launched. This week has seen the arrival of Rockfort with an offer for sale which was only just taken up fully and of Erostin with a placing which was safely arranged on Wednesday.

Broadwell Land is on the way and already attracting favourable comment from the brokers after the publication of its prospectus. In the background but coming closer are City Gate Estates, Rugby Securities and Co-ordinated Land and Estates, not to speak of service companies like Savills, the chartered surveyors, and Christie, the business agents.

All of this follows the start of trading in English and Overseas Properties, floated off by Pentos, and the London listing of Billinggate City Securities preferred shares, the only single asset property company securities on the market.

So this is a fertile period, compared with the early part of the year which saw the arrival in April of Moorfield Estates and MMEC, the de Savary vehicle which had two thirds of its shares left with the underwriters.

All the later arrivals are development companies with varying degrees of asset backing. "Developers have had a wonderful run – two to three very good years – so they want to come to market to get funds, and give away as little equity as they can," said Nick Hunter Jones of Banque Paribas Capital Markets.

That is all very well for the developers. On the face of it they are selling their stock into a very firm market, but the difficulty for them is precisely this point about the much greater concentration now given to asset backing.

The development and trading companies were savagely sold down in the immediate aftermath of the October crash. Since then they have staged a partial recovery, but as Gareth Evans of Chase Manhattan Securities observed, they were being sold on 22 times earnings in June last year - now it is nine or ten times.

There has been a switch into the property investment companies by the institutions. This was especially marked immediately after the October crash.

The strength of the direct property market with the rise in rents, not only in the South East but spreading throughout the country, inevitably came through into the asset value of the investment companies. The rents gave them a higher stream of income. Capital growth showed through in the assets.

Investment companies were looking as interesting as the development companies had been a year before, especially with, as Mr Evans put it, "people saying that asset growth is analogous to profits growth."

This trend has emerged over a period when the institutional fund managers, still shell-shocked from last October and probably nursing a deal of highly priced paper from before the crash, have been adopting a generally more cautious attitude to property share investment.

But the property investment companies have reverted to their traditional position on the market of trading at a discount to their net asset value. While asset values have been rising across the sector, noted Chris Turner of CL-Alexanders Laing & Cruickshank, "the average discount on our books is 14 per cent."

The development companies coming to the market, though, will be offering their shares at a premium to their asset value. Their business is pushing up earnings per share. They are therefore not strictly comparable to the investment companies. Yet the sentiment on the market suggests that they will not be viewed on their own terms.

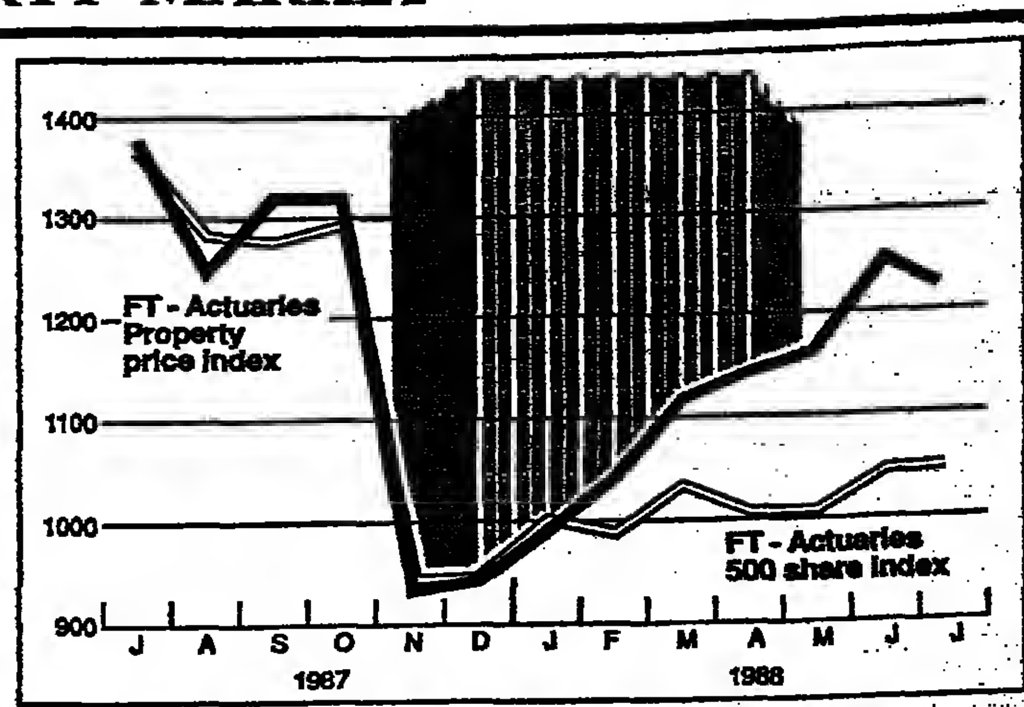
"The market is trying to make them into asset stocks. It is asking whether retained earnings will be sufficient to add to their asset base – to bring that asset base up to the market price in three years."

At the same time, however, the development companies, and this applies not only to those arriving on the market but also to those already there, are seeking to build up assets, to make themselves look more like the investment companies.

So there are basic questions that the institutions, looking at the new issues or appraising the existing stocks, have to answer.

Mr Turner articulated one question: "Why should I buy a developer – because I can buy some of the smaller property companies which will show a higher return on working capital even if that doesn't show up in the profit and loss account?" That leads on to another question relating to the effort by development companies to create a stronger asset base: "Why buy at a premium when it will turn into a discount?"

Mr Evans had a further point related to the market strength of the property investment companies and the rising value of property. "Why buy a company which has to go through all the rigmarole of planning, funding and so on? Why add extra layers of risk to your share investment?" The market in any case is a little down from this year's high. This week major investment companies like British Land, Capital and Counties, Hammerson, Land Securities, MEPC and Slough Estates have been trading under their top price for the year. This does not necessarily suggest that the new issues will not be taken up. But it might point to a growing view that the best for this cycle of the market has been and gone.



Obituary

Basil Samuel

MR BASIL SAMUEL, founder and until 1986 chairman of Great Portland Estates, has died aged 75. He had been ill for some time.

With men like with Harold Samuel, Charles Clore and Fred Cotton, he was one of the major figures of the British property industry at the time of its huge expansion in the 1960s. But his company survived the 1970s crash, and now has a market capitalisation of around £550m.

When Great Portland Estates came to the market, two years after Mr Samuel, with his brother Howard, had established it in 1967, it was worth about £5m. It has always been associated with the ownership of properties north of Oxford Street, in London's West End, but Mr Samuel was one of the early City property developers, on Camomile Street. His West End interests included St Martin's Place, near Trafalgar Square.

Those close to him attribute his success to an ability to spot decent locations for offices, his development speciality, and to prudent financing.

He was known for his charitable activities and for many years was a governor of London Hospital.

A bon viveur, "he loved living," said a close associate.

Mr Samuel leaves a wife and three daughters.

Chafford Hundred, West Thurrock, Essex

Residential Development Land

Selected areas of prime residential building land are now available for sale at Chafford Hundred, the most exciting location for residential development in the South East. The Joint Venture Company comprising Blue Circle Industries PLC, Pearson plc, and Pelham Homes Limited will offer conveniently sized parcels of serviced freehold building land for sale by immediate tender. Full tender documentation for land parcels is available on receipt of an application fee.

Enquiries to Roy Hessman, Marketing Manager, Chafford Hundred Limited, Tubs Hill House, London Road, Sevenoaks, Kent. TN13 1BL.

Chafford Hundred
a new beginning

Tel: Sevenoaks (0732) 741516
Fax: Sevenoaks (0732) 450700

Chafford Hundred Limited

WEST END OFFICE REQUIREMENT

15,000 - 35,000 sq ft plus
Max rent £40 per sq. ft.
Within next 9 months

EDWARD CHARLES & PARTNERS W1
CHARTERED SURVEYORS

Ref. DJG
01 935 2811

CITY OFFICES TO LET

1. IBEX HOUSE, MINORIES, LONDON EC3 2,500 sq ft. Lease for sale; present rent only £21 per sq ft.
2. LLOYDS CHAMBERS, PORTSOKEN ST. LONDON E1. 2,700 sq ft. New lease available in modern a/c offices on 6th floor.

JSP James Sleigh & Partners
01-581 9660

UNIQUE OPPORTUNITY

Purpose built retail store W1.
Major thoroughfare.
20,000 sq ft. Leasehold

Principals only apply box T943, Financial Times, 10 Cannon Street, London EC4P 4BY

CLOSING DATE FRIDAY AUGUST 5th AT 12 NOON

VALUABLE INVESTMENT PORTFOLIO

FOR SALE BY TENDER

New Oxford Street
Shaftesbury Avenue
London WC1

CONTACT CHARLES TILLEMAN

Brecker, Grossmith & Co
63 WIGMORE STREET LONDON W1H 0BD
TEL 01-486 3531
FAX 01-935 3074

BHH Group plc announce a rare opportunity to acquire an outstanding

RETAIL PORTFOLIO

Four recently constructed and let supermarkets and a new High Street unit shopping development.
Current and projected income in excess of £520,000 per annum.
Offers over £5.5M are invited.
All enquiries to Mr M Jones or Mrs W Batho

BHH GROUP

BHH Group plc, telephone: 0782 644222

REVERSIONARY SHOP INVESTMENT
ST. IVES, CAMBRIDGESHIRE

Situated in prime retail position in this prosperous Cambridgeshire market town. Let to undoubted Covenant (A2 Use) 25 year F.R.I. with 5-year reviews from March 1986 at £7,500 p.a.x. Estimated current rental value £12,500 p.a.x.

PRICE £182,500

Apply:
Rundliffe, 55 South Audley Street, Grosvenor Square, London W1Y 5FA
Telephone 01-629 4036 Telex 266236 Fax 01-488 0499

Reversionary Industrial Investment - South Yorkshire

Highly reversionary industrial investment for sale freehold approximately 2 miles from Junction 34 of the M1 Motorway - South Yorkshire. 21 year lease - 7 year reviews from June 1976 - to let to Subsidiary of PLC Company. Rental Passing £30,000 per annum with review due June 1990. Over 37,000 sq.ft. for further details contact:

Richard Lewis & Partners
(0532) 424959

West Yorkshire
PRIME RESIDENTIAL BUILDING LAND
20.6 ACRES

Exceptionally well located in an ever improving and expanding area with excellent motorway links (M1 & M62) and within easy reach of the Leeds/London rail network.

Offers in excess of £1,000,000

Bernard Thorpe
(0937) 63967

TO LET
SUPERB SMALL OFFICE SUITE
GOWER STREET, WC1

Suite of six officed, approx. 1,000 sq.ft., on top two floors of attractive period building with own toilet and share of reception and boardroom facilities if required - available on licence for one year (renewable) at £29,750 p.a. fully inclusive of rates and service charge.

APPLY PHILLIP ANDREWS
01 486 5991

Freehold Office Building

HOLBORN WC1

Excellent Specification

4500 sq.ft.

BOSTON GILMORE

01 490 3366.

REFURBISHED HAMPSHIRE BARN DEVELOPMENT

Offering freehold residential 5 bed House and Business accommodation, 3,000 sq. ft. Set in idyllic countryside yet only 5 miles from Motorway network (M3 & M27).

Telephone for coloured brochure. 0962 74287

Freehold development/investment,

M25 Kent town, £1.1 million retail £37,500 pa income + 10,000 sq ft vacant offices for refurbishment/extension (with parking).

Write Box T6949, Financial Times, 10 Cannon Street, London EC4P 4BY

100% TAX ALLOWABLE 200,000ft² BUSINESS/WAREHOUSE PREMISES

Freehold or Leasehold
Available for occupation March 89
LOCATION:- Major North West
Enterprise Zone Business Park
Adjacent to Motorway/Airport
Will Divide

Contact: Eugene O'Brien

Wilson & Partners

021 643 6415

CITY OF LONDON PROPERTY

The Financial Times proposes to publish this survey on:

Friday 23rd September 1988

For a full editorial synopsis and advertisement details, please contact:

JONATHAN WALLIS
on 01-248 8000 ext 4196

or write to him at:

Bracken House
10 Cannon Street
London
EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Company Notices

BANK HANDLOWY W. WARSZAWIE S.A.
REGISTERED OFFICE : TRAUGUTTA 7-9 WARSZAWA (Poland)
FLOATING RATE NOTES 1979-1989 OF USD 1000

Series including the 1851 bonds which were drawn on the fourth drawing by lot dated 4th July, 1988 representing the total annuity of USD 1.851.000 to be redeemed on 17 August 1988 :

24,118 to 24,680
26,481 to 27,765

These bonds will be redeemable at USD 1.000. at the offices of the following establishments :
- BANQUE NATIONALE DE PARIS - PARIS
- BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A. - LUXEMBOURG
- BANQUE INTERNATIONALE A LUXEMBOURG - LUXEMBOURG
- FRENCH AMERICAN BANKING CORPORATION - NEW YORK
- SOCIETE GENERALE - PARIS

However, the bondholders who benefit from this redemption must deposit the securities they hold prior to 20th July, 1988 at the office of the fiscal agent I.E. BANQUE NATIONALE DE PARIS, Centre d'Operations sur Coupons, 14, rue Bergere, 75009 PARIS or at the above mentioned offices of the paying agents.

BANK HANDLOWY W. WARSZAWIE S.A. has enviced intention to redeem only the bonds held as of March 28th, 1981 by the holders "Natural Persons". The holding as of March 28th, 1981 will be the purpose of an affidavit delivered to the holder by a bank or a financial institution.

This affidavit will have to accompany the bonds deposited for redemption.

Outstanding amount : USD 1.851.00

Samsung Semiconductor and Telecommunications Co Ltd
USD 30,000,000 Floating Rate Notes Due 1994
Guaranteed by
Samsung Electronics Company Limited

For the six months from 8th July 1988 to 9th January the notes will carry an interest rate of 8% pct per annum. The interest payable on the relevant interest payment date 9th January 1989, will be USD 4303.82 per USD 100,000 note.

Agent Bank
Chemical Bank

TAISHO MARINE & FIRE INSURANCE COMPANY LTD
NOTICE TO E.D.R. HOLDERS
(ONE DEPOSITARY SHARE COMPRISING 10 ORDINARY SHARES OF YEN 50 EACH)

HAMBROS BANK LIMITED announce that Coupon No. 20 representing the dividend on the underlying shares for the year ended 31st March 1988 is payable as from 8th July, 1988 at the rate of US$0.52 per Depositary share less Japanese taxes as applicable and may be presented for payment at their Stock Counter, 41 Bishopsgate, London EC2P 2AA, or at Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg.

Coupons presented to Hambros Bank Limited must be listed on the special listing forms, which may be obtained at their Stock Counter and when applicable U.K. Income tax will be deducted at the rate of £0.10 in the £ on the gross amount of the dividend before deduction of Japanese Withholding Tax.

Hambros Bank Limited
8th July, 1988

Personal

Small expanding

Stock Exchange member firm seeks members or associates with private client base. Friendly atmosphere with excellent administration and back up. Please apply for confidential discussion to

Box A0912, Financial Times, 10 Cannon Street, London, EC4P 4BY

Stress Management Services Courses and treatments for complicated problems. Phone 01-942 7188

International Property

NEW YORK AUCTION

JULY 28 HOTEL PIERRE, NY

7 UNIQUE MANHATTAN PROPERTIES INC. PARK AVE. ELEVATOR TOWN HOUSE, 2 APT. HOUSES, 40 LUXURY LEASED APTS. IN CENTRAL PARK SO. & EAST 57th STREET. A VACANT "VILLAGE" PARKING LOT OVERLOOKING THE HUDSON RIVER AND 2 VACANT REFURB OPPORTUNITIES.

FOR BROCHURE & INFORMATION:

PROPERTIES AT AUCTION
635 MADISON AVENUE
NEW YORK, NEW YORK 10022
TEL: 212 319 8550
TELEX: 968771 INTERPROP
FAX: 212 223-1354

PARCEL OF LAND IN ALGARVE/PORTUGAL

Ideal for development as a golf course, golf village, club house etc. Present owner wishes to retain part of this property on a "sleeping partner" basis.
This valuable property is approx. 3km from the beach of Praia Verde and has an area of over 240 acres.

JM Properties
Tel: (0273) 23777

Downtown Los Angeles
OFFICE BUILDING AND DEVELOPMENT SITE

Classic 12-story building, 400,000 sq. ft. rentable, plus contiguous 21,000 sq. ft. parking lot. Prime financial district location adjoining new Metro Rail station.

$38,250,000

CUSHMAN & WAKEFIELD OF CALIFORNIA, INC.
515 So Flower St., Suite 2200
Los Angeles, CA 90071
U.S.A.

Contact: Wolfgang V. Kupka, Vice President, (213) 955-6420
Stephen P. Hanover, (213) 955-6422

Legal Notices

WOOLSTON CONSTRUCTION LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a meeting of creditors of the above named company will be held at the offices of Leonard Curtis & Partners, 46 Rodney Street, Liverpool L1 9AA on Friday, 8th July 1988 at 12 noon for the purposes mentioned in Section 99, 100 and 101 of the said Act.

Statements of claim, and proxy forms if applicable, must be lodged at the offices of Leonard Curtis & Partners, 46 Rodney Street, Liverpool L1 9AA not later than 4.00 p.m. on the 7th day of July, 1988.

David Swaden, F.C.A., a Licensed Insolvency Practitioner of Messrs. Leonard Curtis & Partners, at the above address will provide the creditors free of charge with such information as to the Company's affairs as the creditors may reasonably require until the day of the Meeting.

Dated this 22nd day of June, 1988.

By order of the Board

BERKELEY METAL TRADING LIMITED

Notice is hereby given that a Meeting of Creditors of the above company, summoned under Section 48(2) of the Insolvency Act 1986, will be held at the offices of Peat Marwick McLintock at Aquis Court, Hertfordshire, AL3 4RF, at 11.00am on 22nd July 1988, for the purpose of receiving a report by the Administrative Receivers.

Subject as follows, at the creditor's meeting a person is entitled to vote only if:-

a) he has given to the Administrative Receivers, not later than 12.00 noon on 21st July 1988, the business day before the fixed for the meeting, details in writing of the debt that he claims to be due to him from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986, and

b) there has been lodged with the Administrative Receivers any proxy which the creditor intends to be used on his behalf.

Creditors whose claims are wholly secured are not entitled to be represented at the meeting.

The meeting may, if it thinks fit, establish a creditors' committee in accordance with section 49 of the Insolvency Act 1986.

Dated 7th July 1988

HIGHLAND PARTICIPANTS PLC

In a Petition presented to the Court of Session, Edinburgh on 25th March 1988 at the Instance of Highland Participants Public Limited Company incorporated under the Companies Act 1948 and having its Registered Office at 19 York Place, Edinburgh for the Sanction of a Scheme of Arrangement and confirmation of reduction of capital (Share Premium Account), the Court has pronounced the following Interlocutor:-

Edinburgh 5th July 1988

The Lords on the Motion of the Petitioners approve advertisement of the dependence of the Petition once in The Edinburgh Gazette and once in each of "The Scotsman" and "Financial Times" newspapers, appoint all parties claiming an interest to lodge answers thereto, if so advised, within seven days after such advertisement.

Donald M Ross
I.P.D.

All of which intimation is hereby given

Richards Butler, 5 Clifton Street, London EC2A 4DA
MacRoberts, Solicitors, 27 Melville Street, EDINBURGH

SUMMONS Case Number: C 664590
NOTICE TO DEFENDANT:
PETER GEORGE, an individual, UNITY FINANCE CORPORATION; a business entity, form unknown, and Doe 1, YOU ARE BEING SUED BY PLAINTIFF: Marc Zimmerman, an individual.
You have 30 CALENDER DAYS after this summons is served on you to file a typewritten response at this court. A letter or phone call will not protect you: your typewritten response must be in proper legal form if you want the Court to hear your case.
If you do not file your response on time, you may lose the case, and your wages, money and property may be taken without further warning from the Court. There are other legal requirements. You may want to call an attorney, you may call an attorney referral service or a legal aid office (listed in the phone book).
The name and address of the Court is Los Angeles Superior Court, 111 North Hill Street, Los Angeles, California 90012. The name, address and telephone number of plaintiff's attorney, or plaintiff without an attorney, is: WEISSMANN, WOLFF, BERGMAN, COLEMAN & SILVERMAN, Steve Workman, 9665 Wilshire Boulevard, Suite 900, Beverley Hills, California 90212. Date: October 15, 1987.
FRANK S. ZOLIN - Clerk by HECTOR DON LOCAS - Deputy WEISSMAN, WOLFF, BERGMAN, COLEMAN & SILVERMAN, Steve Workman, 9655 Wilshire Boulevard, Suite 900, Beverley Hills, California 90212.
(213) 858-7888.

HONDA MOTOR CO., LTD
European Depositary Receipts issued by Morgan Guaranty Trust Company of New York

A distribution of $ 0,4479 per depositary share less any applicable taxes will be payable on and after July 10, 1988 upon presentation of coupon No 26 at the following offices of Morgan Guaranty Trust Company of New York is:

- Brussels, 35, avenue des Arts
- New York, 30 West Broadway
- London 1, Angel Court

Net rate:
$ 0,3807 (after deduction of 15% Japanese withholding tax + affidavit)
$ 0,3583 (after deduction of 20% Japanese withholding tax)

WEEKEND FT CLASSIFIED ADVERTISEMENT RATES

	Per line (min. 3 lines) £	single col cm (min. 3 cms) £
Residential Property (Full Colour)	8.50	28.00
	-	40.00
[illegible]		
Motors, Hotel & Travel, Personal, Mail Order, Overseas	10.00	32.00
	-	32.00
Weekend Business	13.00	44.00
Arts, Collecting	10.00	32.00
Art Galleries	1.80	-
Books Page	-	24.00
Books Panel	-	32.00

All prices exclude VAT

For further details write to:

Classified Advertisement Manager
FINANCIAL TIMES, 10 CANNON STREET, LONDON EC4P 4BY

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
MR REGISTRAR BUCKLEY

IN THE MATTER OF EXCHANGE SECURITIES & COMMODITIES LIMITED	NO. 002454 OF 1983
AND	
IN THE MATTER OF EXCHANGE SECURITIES FINANCIAL SERVICES LIMITED	NO.002906 OF 1983
AND	
IN THE MATTER OF EXCHANGE SECURITIES INTERNATIONAL LIMITED	NO.002905 OF 1983
AND	
IN THE MATTER OF EXCHANGE SECURITIES INVESTMENT MANAGEMENT LIMITED	NO.002907 OF 1983
AND	
IN THE MATTER OF THE FUTURES INDEX LIMITED	NO.002746 OF 1983
AND	
IN THE MATTER OF GOOD GOLLY PRODUCTS LIMITED	NO.002457 OF 1983
AND	
IN THE MATTER OF ERGOMIN METALS LIMITED	NO.002455 OF 1983
AND	
IN THE MATTER OF EXMEX LIMITED	NO.002456 OF 1983
AND	
IN THE MATTER OF NEWLIGHT COFFEE COMPANY LIMITED	NO.002458 OF 1983
AND	
IN THE MATTER OF NEWGATE METALS LIMITED	NO.002459 OF 1983
AND	
IN THE MATTER OF JURY PUBLISHING LIMITED	NO.003446 OF 1983
AND	
IN THE MATTER OF CINNEBAR SECURITIES LIMITED	NO.003567 OF 1983
AND	
IN THE MATTER OF THE COMPANIES ACT 1948	
AND	
IN THE MATTER OF WARWICK CASTOR OIL COMPANY LIMITED	NO.003530 OF 1986
AND	
IN THE MATTER OF BAYTREE BREWERY LIMITED	NO.003531 OF 1986
AND	
IN THE MATTER OF THE COMPANIES ACT 1985	

NOTICE IS HEREBY GIVEN that by Orders all dated the 23rd June 1988 and made in the above matters the Court has directed separate Meetings of:-
(a) the Preferential Creditors, being creditors whose claims would pursuant to Section 614 of the Companies Act 1985 be entitled to be paid in priority in the liquidations of any of the above-named companies,
(b) the Investors, being creditors who placed money with the above-named Exchange Securities & Commodities Limited, Exchange Securities Financial Services Limited, Exchange Securities International Limited and Exchange Securities Investment Management Limited for investment purposes,
(c) the Punters, being creditors who placed money with the above-named The Futures Index Limited for the purpose of betting, and
(d) the Trade Creditors, being creditors of the said companies other than (i) the Preferential Creditors (ii) the Investors (iii) the Punters and (iv) the said Companies
to be convened for the purpose of considering and if thought fit approving a scheme of Arrangement proposed to be made between each of the said Companies and (1) its Preferential Creditors (2) the Trade Creditors (3) its Investors (4) the Punters (5) the Scheme Companies with claims against it (6) its Members and (7) Newco (as defined in the said Scheme of Arrangement) and that such Meetings will be held at the Waldorf Hotel, Aldwych, London, WC1 on Friday the 29th July 1988 at the respective times specified in the Schedule hereto at which place and respective times all the aforesaid Preferential Creditors, Investors, Punters and Trade Creditors are requested to attend.
Any person entitled to attend the said Meetings can obtain copies of the said Scheme of Arrangement, forms of Proxy and copies of the Statement required to be furnished pursuant to Section 426 of the Companies Act 1985 at the office of the Special Manager of the above Companies, Stephen Strickland James at Peat Marwick McLintock, 1 Puddle Dock, Blackfriars, London, EC4V 3PD during usual business hours on any day (other than a Saturday or Sunday) prior to the day appointed for the said Meetings.
The said Preferential Creditors, Investors, Punters and Trade Creditors may vote in person at such of the said Meetings as they are entitled to attend or they may appoint another person whether a member of the class or not as their proxy to attend and vote in their stead.
It is requested that forms appointing proxies be lodged with the Special Manager at his office at Peat Marwick McLintock, 1 Puddle Dock, Blackfriars, London EC4V 3PD not less than 48 hours before the time appointed for the said Meetings, but if forms are not so lodged they may be handed to the Chairman at the Meeting at which they are to be used.
If you do not attend the meeting in person or by proxy your claims against it (6) ... [illegible]
By the said Order the Court has appointed Leslie Thomas Cramp or failing him Gilbert Colin Campbell, Philip Howard Navier or failing him John Ernest Boulter; and Elliott Simon Burns or failing him Dennis Reginald Taylor as Chairman of each of the said Meetings as specified in the Schedule hereto, and has directed such Chairman to report the results thereof respectively to the Court.
The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated the 6th day of July 1988

Herbert Smith
Watling House
35 Cannon Street
London
EC4M 5SD

Solicitors to the Official Receiver and Provisional liquidator of the above-named Companies

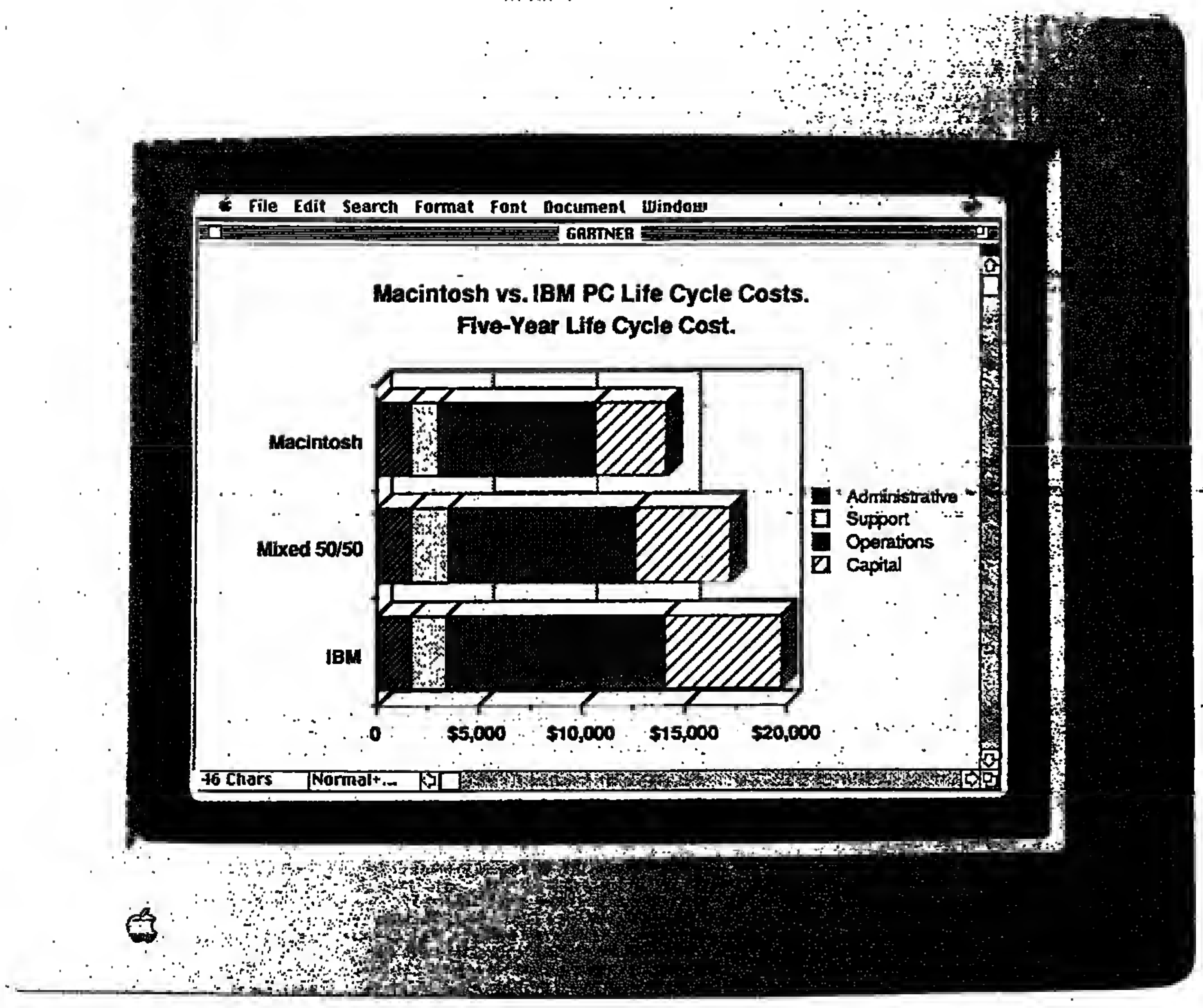
THE SCHEDULE BEFORE REFERRED TO

Company	Class of Meeting	Time	Chairman	Alternative Chairman
EXCHANGE SECURITIES & COMMODITIES LIMITED	Preferential Creditors	10.00 am	ES Burns	DR Taylor
	Trade Creditors	11.30 am	LT Cramp	GC Campbell
	Investors	2.00 pm	LT Cramp	PH Navier
EXCHANGE SECURITIES FINANCIAL SERVICES LIMITED	Preferential Creditors	10.15 am	ES Burns	DR Taylor
	Trade Creditors	10.45 am	LT Cramp	GC Campbell
	Investors	3.00 pm	LT Cramp	PH Navier
EXCHANGE SECURITIES INTERNATIONAL LIMITED	Preferential Creditors	10.30 am	ES Burns	DR Taylor
	Trade Creditors	10.45 am	PH Navier	JE Boulter
EXCHANGE SECURITIES INVESTMENT MANAGEMENT LIMITED	Preferential Creditors	10.45 am	ES Burns	DR Taylor
	Trade Creditors	10.30 am	LT Cramp	GC Campbell
THE FUTURES INDEX LIMITED	Preferential Creditors	11.00 am	ES Burns	DR Taylor
	Trade Creditors	11.30 am	PH Navier	JE Boulter
	Punters	4.00 pm	LT Cramp	PH Navier
GOOD GOLLY PRODUCTS LIMITED	Preferential Creditors	11.15 am	ES Burns	DR Taylor
	Trade Creditors	11.00 am	LT Cramp	GC Campbell
ERGOMIN METALS LIMITED	Trade Creditors	11.15 am	PH Navier	JE Boulter
EXMEX LIMITED	Trade Creditors	10.00 am	LT Cramp	GC Campbell
NEWLIGHT COFFEE COMPANY LIMITED	Trade Creditors	10.00 am	PH Navier	JE Boulter
NEWGATE METALS LIMITED	Trade Creditors	10.15 am	LT Cramp	GC Campbell
JURY PUBLISHING LIMITED	Preferential Creditors	11.30 am	ES Burns	DR Taylor
	Trade Creditors	11.00 am	PH Navier	JE Boulter
CINNEBAR SECURITIES LIMITED	Trade Creditors	10.15 am	PH Navier	JE Boulter
WARWICK CASTOR OIL COMPANY LIMITED	Trade Creditors	11.15 am	LT Cramp	GC Campbell
BAYTREE BREWERY LIMITED	Trade Creditors	10.30 am	PH Navier	JE Boulter

Note: The meetings will commence at the times indicated above or so soon thereafter as any preceding meeting shall have been concluded or adjourned.

Conclusive proof that Apples are good for you.

The well-respected Gartner Group recently published a report on the role of the Apple™ Macintosh™ in business.



It demonstrated many of the reasons for our increasing share of the pie.

For example, an Apple Macintosh was shown to cost 28% less to run than an IBM® PC over five years. That worked out as a saving of almost £3,027 per user.

The Gartner Group's report also demonstrated that even in a mixed IBM/Macintosh environment, computing costs could be dramatically reduced.

They estimated that a company with 600 personal computer users (half IBM and half Apple Macintosh) will have a fully burdened, five-year life cycle cost per user that is 13% less than that of an all-IBM environment.

This worked out at a saving of £810,000 over five years.

Standardising on Macintosh would cost 28% less, saving £1.8 million over five years.

KPMG Peat Marwick carried out a survey which highlighted some of our other strengths.

They found that people using Macintosh were actually up to 24% more productive than their IBM counterparts.

The main reason for this is Macintosh's system of easily understood words and symbols such as files, folders and menus which, with the help of a mouse, speeds and simplifies operating.

So no matter what software is being used, there's a consistent vocabulary and methodology to work with. All of which makes it easy to switch from one program to another.

A fact which was demonstrated in another recent in-depth study. This proved that training costs on Apple Macintosh are 60% lower than those of IBM or other MS-DOS™ computers.

Furthermore, they found that only half the time is needed in support.

We rest our case on health and wealth in business.

Apple™. The power to succeed.

كما في الأصل

MANAGEMENT

Guy de Jonquières reports on the pressures to restructure the European Airbus programme, and the challenges ahead

Too many pilots in the cockpit

AFTER TWO MONTHS investigating the tangled European Airbus programme this year, four "wise men" appointed by its government backers were able at least to establish one rock-hard certainty. In the words of one of them, Dr Peter Pfeiffer, a Bavarian banker: "Nobody in Europe knows the real costs of making an Airbus."

Nor, until recently, did anybody appear to care much, either. For most of its 17-year existence, the programme has been driven by one over-riding priority: to grab as big a share as possible of the world commercial aircraft market.

If governments occasionally winced at the cost to the public purse, they quickly reminded themselves that winning a place in the big league was never going to be cheap.

Judged by the quality of its products and orders, Airbus has triumphantly fulfilled its mandate. However, as a business it is crippled by a flabby management system and a byzantine organisation which provide little incentive for efficiency.

Under growing financial pressures, the strains are starting to tell.

As the "wise men" quickly spotted, the programme's crucial weakness is its divided structure. Airbus Industrie (AI), a French *groupement d'intérêt économique* based in Toulouse, is responsible for sales and marketing. But it has no control over production, which is handled by its four shareholders, Aérospatiale of France, Deutsche Airbus, a financing subsidiary of MBB of West Germany, British Aerospace and Casa of Spain.

Co-ordination is complicated by the lack of any central authority with power to impose decisions.

Member companies complain that AI has been allowed to chase orders at almost any price. It is criticised for offering airlines too many "customised" variants of Airbus, without regard to the production consequences. For example, seating arrangements for cabin crew are said to come in about 200 different versions.

Jean Pierson, AI's chief executive, retorts that it is handicapped by the need to keep referring back to bureaucratic committees. "When Frank Schrontz (Boeing's chairman) shaves $1m off his price to win a deal, he knows exactly what he's doing," he says. "When we want to do that, we have to ask permission. That's not business, that's social security."

But the real achilles heel of the Airbus "system" is its loose financial disciplines.

That, combined with its idiosyncratic procurement methods, means that its input costs are largely decided by its tied contractors, who are also its shareholders.

Each AI shareholder specialises in a particular aircraft section or task (*see diagram*). Production work is allocated on the basis not of competitive bids, but of estimates by the partners of the proportion of each project which their work represents. Contracts are then awarded as a percentage of the estimated total project cost, which is negotiated separately.

This cosy practice is defended on the grounds that specialisation by company has proved to be the most efficient approach to production.

However, AI admits that the partners insist on work broadly in proportion to their shareholdings, and that if a company loses out on one project, it is compensated on the next. Says Heribert Flohsdorff, AI's general manager: "It is a natural demand by those who bear the risks. This is a sacrifice that must be made to have a European industry."

According to a senior official of one Airbus government, the system positively encourages companies to try to offset losses they incur, as shareholders, on Airbus sales by inflating the profits they make as contractors. "The objective isn't to reduce costs but to put in the largest bills. The winner is whoever tells the biggest lies," he says.

The individual partners, of course, keep the profit they make on contracting, but losses on Airbus sales are shared by all.

Because the companies divulge no detailed financial information to each other or to AI, it is powerless to impose stricter controls. "We just don't know what the partners' margins are," says Flohsdorff, "so we can't be sure, when they complain, if they are just complaining or whether they are really hurting."

Pierson says AI pays its main contractors to make Airbus' first two models, the A300 and 310, on the basis of formulae calculated in 1973. "Yet I'm sure that, excluding currency changes, manufacturing productivity has increased 20 to 30 per cent since then," he says.

Another well-placed observer suggests more bluntly that many Airbus contractors – which have all received sizable public funding – have made "a killing" in the past.

Henri Martre, chairman of Aérospatiale, says it was easy to make money on Airbus until 1986 – though MBB claims it managed not to.

But Hartmut Mehdorn, an MBB director, also admits there is a temptation for European aerospace companies to conceal their true profits on civil aircraft programmes – though he insists that is not the case with Airbus. However, the financial information published by the companies is too sparse to permit independent evaluation.

More recently, the weakness of the dollar, which is used for all internal Airbus dealings, has severely eroded contracting margins and the expected value of aircraft sales revenues. The cash squeeze is particularly serious because investment needs are rising steeply and the companies are also due to repay government aid out of A320 sales.

All have responded by launching efficiency drives and farming out more work to sub-contractors in weak currency countries. MBB says it can now break even over the life of an Airbus programme at a parity of DM2 to the dollar, down from DM3.5 a decade ago, while Aérospatiale aims to reach a target of FFrs6 by the end of next year. "At FFrs8 to the dollar we'd be rolling in money," says Martre.

However, nothing obliges the companies to pass on any savings directly to Airbus. Equally, the lack of consolidated accounts renders profit forecasts for the overall programme "totally meaningless" according to a French official familiar with it.

To tackle these weaknesses, the "wise men" recommended that Airbus be reorganised to mirror, as closely as possible, a public company. Their main proposals included:

- Unified Airbus management under streamlined supervisory and executive boards, with more scope for more majority voting. The supervisory board should also control directly 5 per cent of development funds.
- Appointment of a financial director empowered to obtain complete information about partners' costs, invoiced prices and profits and losses, which would be shared out in proportion to partners' shareholdings.
- More use of competitive tendering for contracts.
- Ending the tradition of reserving top jobs for particular nationalities (principally France and Germany) and creation of an Airbus career structure.
- The possibility, some time after 1992, of turning Airbus into a public limited company.

The four governments want to agree on the reforms at next month's Farnborough airshow and to implement them by the end of the year. All AI's shareholders say they back the proposals.

Behind the scenes, however, a fierce power struggle is under way. "None of the partners wants to change – each wants the others to do so," says an official close to the negotiations. "There must be detailed discussions on costs, but nobody is yet ready to talk seriously."

One explanation is that the four companies' chairmen, who are believed genuinely to accept the need for change, have not put enough effort into achieving it. Indeed, the "wise men" argue that they spend far less time on Airbus than is warranted by its contribution to their companies' turnover.

Responsibility for implementing reform has been handed down the line to less senior executives, some of whom apparently fear the proposals could threaten their own jobs.

A further complication is tension between the many powerful personalities involved in Airbus. The outspoken Pierson, for instance, while widely admired – by Boeing, among others – as a tough and energetic salesman, has been accused in Britain and West Germany of seeking much too independent a role for AI.

There is also said to be little love lost between him and Rolf Siebert, head of Deutsche Airbus, who has been tipped as Bonn's candidate for Airbus finance director.

Meanwhile, Professor Roland Smith, BAe's chairman since last September, has raised a lot of sensitive hackles by criticising the programme publicly and raising doubts about his company's commitment to it.

The biggest question mark hangs over Franz-Josef Strauss, flamboyant prime minister of Bavaria and chairman of Airbus' supervisory board since the beginning.

Though a pugnacious champion of Airbus, Strauss is now aged 72 and there are doubts about whether he could spare the time which chairing a restructured Airbus organisation would be likely to demand.

Strauss' imperious manner has also irked many, including European industry ministers, some of whom feel he treats them as minions. Few expect him to step down willingly, not least because he is now politically on the defensive in West Germany.

Some involved believe all these complexities risk creating a deadlock which could only be broken by political brute force.

There is already talk of calling on leaders of the Airbus governments personally to lay down the law, threatening stiff reprisals against the chairmen of the companies if they refuse to co-operate.

Says one knowledgeable observer: "This one may need to go right to the top."

Acid test to come

DESPITE the unwieldy structure of the Airbus programme, day-to-day collaboration has worked remarkably well – all the more so since it has had to cope with a major change of objective in mid-stream.

Airbus was originally conceived as a maker of a single niche product. But in the mid-1970s it was decided that, to compete effectively, it must quickly match Boeing by offering a "family" of aircraft spanning a wide range of airlines' needs.

The result has been a hectic programme to design four new models – at a cost of up to $5bn each – and several variants in about 15 years. The timetable, astonishingly short by industry standards, has strained to the limit the technical resources of the Airbus companies and created massive investment needs, which are not expected to peak before the early 1990s.

Airbus' multinational nature has also dictated unusual production arrangements. Aircraft sections are made in factories scattered across Europe and flown by bulbous "Super Guppy" freighters for final assembly in Toulouse.

Though the system has been accused of discouraging scale economies, even competitors agree it operates surprisingly smoothly. "Airbus has done an excellent job," says Phil Condit, Boeing's head of manufacturing.

The acid test will come as Airbus doubles output to 12 a month over the next two years. Speeding up an aircraft production line is an infinitely complex task, which even a company with Boeing's experience finds daunting. "We've clearly made mistakes; we've done it wrong in the past," admits Condit.

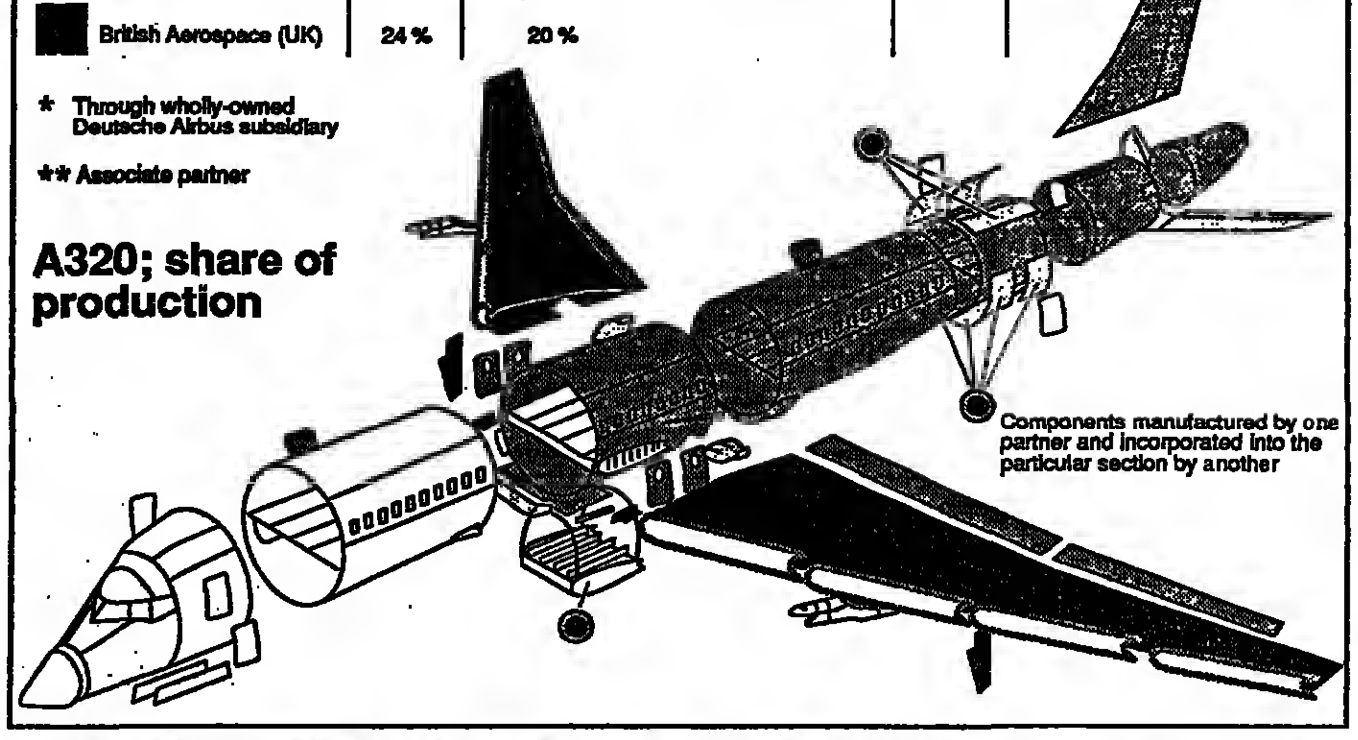
The challenge is even bigger for Airbus because strict European employment laws limit its flexibility. When Airbus faced a shortage of orders a few years ago, it decided it was cheaper to maintain production than to lay off highly-paid staff. The unsold aircraft wore hidden under giant awnings in West Germany until demand recovered.

A320; share of production

	% of work on A320	% shareholding in Airbus Ind.
Aerospatiale (France)	34%	37.9 %
MBB (W. Germany)	34.6 %	37.9 % *
British Aerospace (UK)	24 %	20 %
Casa (Spain)	5.4 %	4.2 %
Belairbus ** (Belgium)	2.0 %	None

* Through wholly-owned Deutsche Airbus subsidiary

** Associate partner

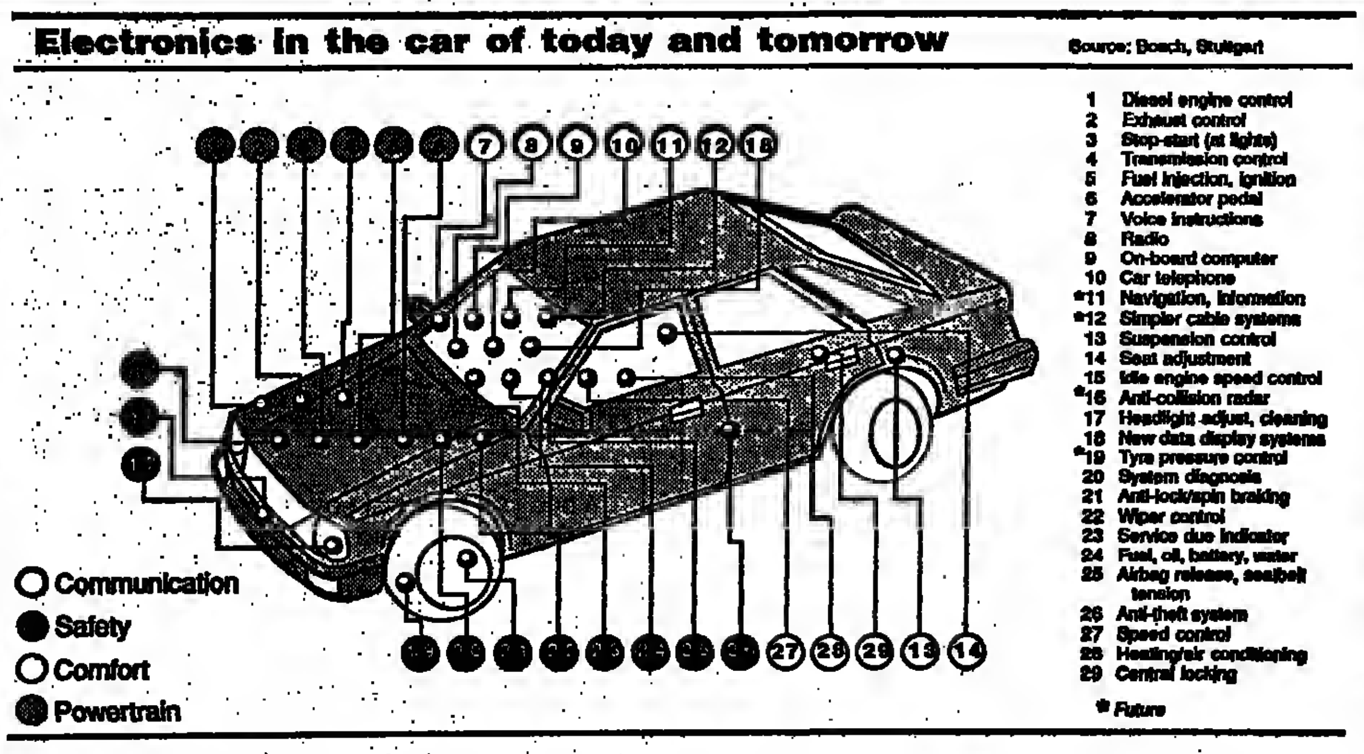


TECHNOLOGY

West German electronics switch into overdrive

Andrew Fisher examines the accelerating pace of sophisticated car component development

Electronics in the car of today and tomorrow Source: Bosch, Stuttgart



IT MAY be hard to think of a shiny new car as a computerised driving machine – after all, it still needs someone at the wheel – but motor manufacturers today are striving to fit as many electronic systems as they can into their products.

In West Germany, one of the world's most sophisticated car markets, the industry spends some DM1.5bn ($830m) a year, a third more than in 1985, on electronic components to make vehicles safer, cleaner, more efficient, and, for those who like their motoring smooth rather than rugged, more fun and more comfortable than ever before.

These semiconductors and other electronic parts are spread right through the car, improving engine and brake performance, aiding suspension, making dashboard displays clearer, warding off thieves, and fulfilling a host of other functions.

But the story does not stop with the electronics. As Hansjörg Manger, a vehicle electronics executive with Robert Bosch, says: "There is scarcely any system that just consists of electronics." For instance, over half the cost of anti-lock braking systems (ABS), in which Bosch was the pioneer, consists of hydraulic and mechanical parts. Most electronic systems, he estimates, consist of only around a third of electronic components.

Bosch, based in Stuttgart, is a world leader in automobile electronics, but it is by no means the only German company in the field. Siemens, now discussing a far-reaching partnership with Bendix of the US in this sector, is coming up fast on the outside. So is AEG, now part of Daimler-Benz, though it also works with other car manufacturers.

Others in the industry include VDO, a specialist in instrumentation and controls, and Alfred Teves (part of ITT of the US) which also makes ABS systems.

"The competition is very hard and I fear it will become even harder and more international," says Manger. "But overall, the business is growing, so there is room for new entrants without taking anything away from those already there."

Last year, nearly DM14bn of Bosch's turnover was in automobile equipment, excluding radios and testing equipment. Of that, some DM6bn comprised electronic systems, though actual electronics accounted for only around a third of this.

With Bosch's strong lead, the others have a lot of catching up to do. Siemens has said it intends to narrow the gap – its turnover in vehicle electronics exceeds DM600m – while AEG, which has sales in this area of over DM400m a year, also aims to continue expanding.

"We don't expect to keep growing at 30 per cent a year, but we still expect marked growth," says Rainer Fröhlich, head of corporate development at AEG. He, too, expects competition to become stiffer.

One reason for this cluster of electronics expertise in the West German motor industry is the demands of the car manufacturers. Because of their initial expense, the most sophisticated systems tend to be used first in the up-market cars; ABS was initially installed by Daimler and BMW, though Ford first made it standard on its large Scorpio models.

"We are lucky in Germany to have such a successful car industry close at hand, for which we can develop specific solutions," adds Fröhlich.

He mentions another important aspect: "It is a traditional talent of Germany to be able to combine electronics and mechanics. ABS is a classic example of this." He also stresses the German concentration on electronic developments that actually benefit the driver rather than providing him or her with an array of possibly distracting gimmicks.

Basically, the uses of electronics in cars fall into four categories: mechanical performance (engine management, brakes, fuel injection); safety (airbag, seat belt tightening on impact); communications and information (displays, telephone); and comfort and entertainment (suspension, central locking, personal seat and mirror adjustment, radio).

As electronic components have become cheaper, more reliable, and more easily available, their use in cars, and increasingly in trucks, has soared. Up-market cars like the latest BMW 5 or 7 series have around DM10,000 worth of electrical and electronic parts.

The figures differ, depending on who is talking, but the average electrical and electronics content of a German car is likely to move up from under 10 per cent at present to around 20 per cent in the 1990s.

Showing the growth potential, Bosch will by the end of this year have made only around 3m ABS units compared with well over 20m fuel injection systems, a product which the company began to produce in the late 1960s.

At first, it was also the big, expensive cars which had fuel injection. Now, many smaller ones have it. The same will eventually apply to ABS, believes Manger.

More than half of the cars produced in Germany last year were fitted with fuel injection systems and Bosch estimates a level of 85 per cent in 1990. For Europe as a whole, the forecast is for 47 per cent, after 31 per cent in 1988. In other major markets, the share could rise in Japan from 46 to 60 per cent of car output, and in the US, where strict exhaust controls have already forced the pace, from 78 to 90 per cent.

In addition to fuel injection (now adapted by Bosch for diesel cars and trucks) and both anti-lock and anti-spin braking systems, which correct the car's movement according to road conditions and can override the driver's own actions, there is practically no area of the car where electronics cannot be used.

Suspension systems which smooth the way over holes and humps are under development. Suppliers are working on shock absorbers which the driver can adjust according to the roughness of the ride.

From this, the next stage will be electronic links between the springs and the shock absorbers, allowing constant millisecond adjustments to changing conditions. "This would be an enormous step," says Bosch's Manger. But so-called active suspension systems, in which wheels would be lifted over bumps and pushed down into holes, would need too much energy, he fears.

Thus Bosch favours a semi-active method with wheels reacting smoothly to changing surfaces via electronically-controlled fast acting valves in the shock absorbers.

This is some way off, however. One system already in use is electronic damping control (EDC), through which drivers of some BMW models can choose between three levels of ride: "comfort" for a smooth journey; "normal", in line with ratings on standard production cars; and "sport" for a more demanding ride.

BMW worked with five companies to develop EDC, including VDO for the controls, Boge for the shock absorbers, and Messerschmitt-Boelkow-Blohm for the sensors. This type of co-operation is becoming increasingly common as electronics take up a larger part of the vehicle.

Companies like Bosch, Siemens, AEG and VDO co-operate with a variety of companies in various markets on different projects. VDO, with worldwide turnover of more than DM1.5bn in automobile equipment, is also working with Kugelfischer on ABS systems for smaller cars and has long co-operated with Yazaki of Japan.

Once electronic systems are more widely used in all sizes of car, their cost will clearly fall. This year, BMW was able to cut the cost of Bosch ABS systems – offered as an option on those models on which it is not standard – by DM700 to DM2,400.

Electronic systems have also become smaller. Bosch did not proceed with ABS in the early 1970s, because it then contained 1,000 electronic components. Even though car makers were pressing hard, Bosch rejected the initial developments as too unreliable and developed ABS for 14 more years.

By then, the number of electronic parts had fallen to 140. This was halved in the 1980s and will soon drop to 40. The weight is also a sixth of the original units.

Clearly, there is a limit to how far the vehicle can be taken into the electronic age. It remains a car, driven by a person and subject to the actions of others on the road.

Thus, believes Fröhlich of AEG, "electronics can only be utilised with an understanding of the users' behaviour."

Electronics are mainly located where the driver cannot see them. But here, too, is a problem for the manufacturers. Several kilometres of cable now have to be threaded manually into today's cars. Therefore, companies are working on so-called multiplex systems which would enable a variety of coded digital signals to be sent down the same wire.

Also in the future are radar systems to prevent collisions, and navigation aids, linked to sensors in roads, bridges and buildings, or based on town and city guides. The European Prometheus project, designed to save lives by using advanced traffic control and guidance techniques, will provide an extra impetus to the growing vehicle electronics industry.

For all its advanced features, today's up-market car is no use if the driver is lost, harrassed, or stuck in a traffic jam. "You are sitting in a golden cage and cut off from the world," says Manger. Hence the next stage must be the development of closer links between the automobile and the outside world, easing traffic congestion and preventing accidents.

WORTH WATCHING

Edited by Geoffrey Charlish

How to ensure flawless production

WELLS KRAUTKRAMER, of Letchworth in the UK, is offering a £5,000 bench-top ultrasonic flaw detection system that will scan crucial engineering components up to about a foot square and reveal internal cracks and flaws in five to 10 minutes.

The unit consists of a tank of water in which the component is immersed to obtain good ultrasound coupling, and an overhead mechanism which moves an ultrasonic probe in scanning lines to cover a total area of 370mm x 320mm (14.5ins x 12.6ins).

Ultrasound testing is similar to radar. If the traversing beam encounters an internal flaw inside the test component, the energy returned to the scanning head is modified and produces a "fail" signal.

The scanning head can be coupled to a recording stylus which copies the scan pattern and shows the flaw position by means of an intensity change. The head can move at up to 150mm per second and the scanning line spacing can be altered in steps of 0.5mm.

Aerial view of cancer detection

ERA TECHNOLOGY, the UK research and development group, has been commissioned by Medical Microwave Research Corporation in the US to develop an infra-red scanning aerial for use in detecting skin cancer.

A requirement for the aerial is that it should be able to scan a pattern of thin lines on the patient's skin at close range, to build up an image of subcutaneous temperature abnormalities, an early symptom of skin cancer.

The result will be rather like the infra-red thermograms used to show the heat emissions from buildings.

Northern Ireland lifts Kevlar output

KEVLAR, ultra-tough plastic developed by Du Pont, the US chemicals group, is now being made in Londonderry, Northern Ireland. Du Pont has spent some $60m on the plant, which is able to produce 2,500 tonnes of the fibre annually.

To date, Kevlar has been produced by Du Pont at its Richmond, Virginia, plant which has an annual capacity of 20,000 tonnes.

Kevlar is an aromatic polyamide which is mainly used in engineering applications. It combines high strength with low weight and offers good chemical and temperature resistance.

It is used in composite materials in the aerospace and vehicle industries, in ropes and cables, in protective clothing, and as a replacement for asbestos in brake linings.

Fax growth 'only just beginning'

ALTHOUGH SALES of facsimile machines in the US in 1987 doubled to 417,000 units, Dataquest, the Californian-based market research company, takes the view that "real growth is only just beginning." Fax machine penetration of the US business market is still only in the 10 to 20 per cent region, according to Dataquest's latest Research Newsletter.

But as the advantage of being able to send virtually any kind of image "over the phone" sinks in, as image quality steadily improves and as prices continue to sink below $2,000, further acceleration of sales can be expected.

A further filip is the introduction of links with personal computers. These allow keyboard text to be sent as fax signals.

Japan is the principal fax machine manufacturer and in 1987, Sharp rose to the top of the US sales league table with an 18.9 per cent market share. It was followed by Ricoh with 16.1 per cent and Canon with 11.5 per cent.

Technology has been improving the quality of facsimile images. For example, several companies have introduced contact image sensors. Instead of using moving systems of lenses and mirrors to scan the image, a single glass rod of page width, with built-in illumination, carries a line of sensors virtually in contact with the moving paper.

CONTACTS: Wells Krautkramer: UK, 0462 678151. ERA Technology: UK, 0372 374151. Du Pont: Switzerland, 22 378111. Dataquest: US, (408) 437 8000.

ARTS

Arts Week

F	S	Su	M	Tu	W	Th
8	9	10	11	12	13	14

EXHIBITIONS

LONDON

The Royal Academy. Cézanne – The Early Years 1859-72. A concentrated and illuminating study of the formative period of one of the greatest artists of the 19th century and one of the seminal figures of the modern movement. Although he came to greatness in his middle and later years, his early period, far from being inconsiderable as had been generally supposed, is now revealed in all its complexity and contradictory quality, with many great works to set among the youthful experiments and failures. Ends August 21.

The Royal Academy Summer Exhibition. The 220th Summer Exhibition in an unbroken sequence, and still the largest open exhibition of current painting, sculpture, prints and architecture in the world. With 1,261 exhibits chosen from a submission of something above 12,000, the show is a little smaller than usual, but as dense and bizarre as ever with many good things to be discovered, a gratifyingly large number supplied by the Academicians themselves. Daily until August 7.

Barbican Art Gallery. Art or Nature. A thorough survey of French photography in the 20th century, as part of the Images de France festival. The exhibition is especially strong in the attention it gives to the great individual photographers of the period, such as Kertesz, Cartier-Bresson, Brassai and Atget. Ends July 17.

The Hayward Gallery. (Two exhibitions). Angry Penguins is a fascinating study of a group of young painters active to Melbourne during and just after the Second World War. Sydney Nolan, Arthur Boyd, John Perceval and Albert Tucker are all shown to impressive depth. Also: paintings from the Phillips Collection in Washington. An enthralling selection from one of the great private collections of modern times. Its scope extends from the 16th century to the present day, from El Greco, through Goya and Ingres to Francis Bacon; the collection is still not closed. Its great strength is nevertheless in Impressionism and Post-Impressionism – Renoir and Cézanne, Braque and Picasso, Bonnard and Matisse. Both shows run until August 14.

British Museum. Ukiyoe – Images of Unknown Japan. This large exhibition of exquisite quality brings to us, through the work of the greatest masters of the wood-block print, the magical "Floating World" of pleasure and the senses that was the city of Edo (modern Tokyo) in the time of the Shoguns – from the 1600s until the 1860s, when Japan was closed to the outside world. Until August 14.

National Portrait Gallery. Paolozzi Portraits. A small but intriguing show of a body of recent work on a subject that has fascinated the Scottish sculptor, Eduardo Paolozzi, throughout his long international career. Of particular interest are the self-portraits, and also the several working studies of the architect, Richard Rogers. Until August 7.

PARIS

Galérie Schmit. French masters of the 19th and 20th century. The discreetly luxurious three storey gallery plays host, yet again, to an exhibition spanning a period rich with creativity and diversity. There is a darkly romantic portrait by Delacroix and an almost abstract Nicolas de Stael landscape. There is a rare Pissarro portrait of his son, Lucien, seated against a window and an early Picasso scene in a restaurant. A still life with a hyacinth and apples by Gaugin surprises by its tenderness, as does Corot's young Italian woman with a red shawl. 396 Rue Saint-Honoré (42.60.36.36). Closed Sundays and lunchtimes. Ends July 16.

Pavillon Des Arts. The magnificence of silversmiths' work in India during the reign of the Moghuls testifies to their love of luxury. Everyday utensils like scissors, knives, betel nut and cosmetics boxes are chiselled and adorned with filigree open-work as richly as ceremonial objects and armour. 101 Rue Rambuteau (42.33.82.50). Closed Mondays and holidays. Ends July 17.

Galérie Odermatt-Cazeau. Guillaumin's deep blue of the Mediterranean, framed by green pine trees and orange earth, entices the passer-by into an eclectic exhibition of some 50 works by the masters of the 19th and 20th centuries. A monumental 1937 wooden sculpture by Zadkin watches, totemlike, over a representation of a seated woman by Picasso, a pastel of two dancers by Dégas, and another by Gauguin, showing two boys fighting. Monet is there with a Giverny landscape, and an unusually structured Bonnard projects a colourful view of Saint-Tropez through a gap between two tall buildings. 85 bis Rue Faubourg Saint-Honoré (42.66.92.58). Ends July 30.

Grand Palais. Le Japonisme. 400 exhibits bear witness to the enthusiasm which swept the Western art world for all things Japanese in the second half of the 19th century. Monet decorated his house – even his doors – in Giverny with Japanese prints and built a Japanese bridge in its gardens. Van Gogh collected cheap Japanese woodcuts and represented them to his paintings. Couturiers were inspired by Kimonos, and glass makers and porcelain decorators by Japanese motifs. Closed Tue (42.56.09.24). Ends August 15.

Centre Georges Pompidou. The Fifties, taking over Beaubourg for three months from the ground floor upwards. The postwar creative dynamism of the 1950s is represented by cars, comics, music, cinema, literature, industrial creation and – on the fifth floor – by visual arts. The great figures of Matisse and Picasso open the exhibition with works in black and white; monochromes by Yves Klein and Montana close it. There are statues by Giacometti, mobiles by Calder and lyrical abstraction by Hartung and De Kooning. While contrasting the School of Paris with the School of New York, well represented here by Rothko and Pollock, the exhibition draws attention equally to some of their parallel developments. (42.77.12.33). Closed Tue. Ends Oct 17.

Musée d'Orsay. Two exhibitions celebrate, side by side, the golden age of photography. One covers the period from 1889 to 1915 with 200 photographs and names like Felix Nadar, Eugene Atget, Lewis Carroll and Pierre Bonnard. The other pays homage to Gustave le Gray (1820-1882), whose visionary representations of the sea and the skies and poetical portraits combined with the perfection of his craftsmanship to keep photography in the domaine of art – his lifelong ambition. (45.49.48.14). Both exhibitions closed Mon, end Aug 14.

Institut du Monde Arabe. Holy Places in Saudi Arabia. Magnificent architectural models of the Kaaba in Mecca and its black brocade veil with verses from the Koran embroidered in gold, and of the Prophet's great mosque in Medina, provide the non-Moslem with a realistic image of the shrines of Islamic pilgrimage, in which he or she has normally no access. Manuscripts, works by the traveller Richard Burton and 17th century Turkish ceramics complete the exhibition. 23 Quai Saint-Bernard (46.34.25.25). 1pm till 8pm, closed Mon. Ends Sept 16.

NETHERLANDS

Amsterdam. Tropenmuseum. The arts and crafts of Indonesia, illustrated with more than 500 objects in bronze, bamboo, textiles and precious metals spanning 2,000 years of cultural history. Ends August 21.

Amsterdam. Rijksmuseum (rear entrance). Divine Bronzes (some no more than 5cm high) illustrate the stylistic development of Indo-Javanese religious images from the 7th to the 16th centuries and their role in transmitting culture from India and South-East Asia to Indonesia. Ends July 31.

WEST GERMANY

Cologne, Romisch-Germanisches Museum. Caesar's Glass. This exhibition is the most important display of Roman glass ever staged. It covers the period from Caesar to Justinian, from the first century BC in the 6th century AD. The 182 pieces are mainly goods from everyday life. The show is a joint project between the Corning Museum of Glass, New York, the British Museum, London, and the Romisch-Germanisches Museum in Cologne. The exhibition is sponsored by Olivetti and runs until August 28.

ITALY

Venice, Palazzo Grassi. The Phoenicians. The fourth major exhibition at Fiat's imposing art centre on the Grand Canal attempts to give a complete picture of this extraordinary people, who dominated trade in the Mediterranean for over 1,000 years before their capital, Carthage, was finally destroyed by the Romans in 146 BC. Organised by Professor Sabatino Moscati and sponsored by the Accademia dei Lincei in Rome, the exhibition has been given a highly theatrical presentation by the architect Gae Aulenti. Sarcophaghi project at odd angles from a pile of pink sand on the ground floor of the Palazzo; in an upstairs room, model ships stand immobile in a rippling artificial lake, and a huge polystyrene wave engulfs a Phoenician wreck. Not particularly legible graffiti run across the walls – comments on the Phoenicians by contemporaries and later writers. Many of the 1,200 objects displayed (gold and silver jewellery, statues and reliefs in terracotta, bronze and ivory) are extraordinarily beautiful and the 750 page catalogue, published by Bompiani, is excellent. Until Nov 6.

Rome, Palazzo Dei Conservatori. From Pisanello to the Birth of the Capitoline Museum, or classical art on the eve of the Renaissance. An exquisite exhibition of drawings, coins, illuminated manuscripts and sculptures Sixtus IV gave to Rome as the nucleus of the future Capitoline Museum. Ends July 24.

VIENNA

Messepalast. Imago Mexiko. A rich, exotic collection of Mexican art, photographs and graphics from 1900 to 1960. Ends July 31.

SWITZERLAND

Martigny. The Gianadda Foundation is showing the second part of treasures on loan from the Sao Paulo Museum. Entitled From Manet to Picasso, it is especially rich in Renoirs; from society portraits and little girls in frothy lace and pink and blue satin, to a fleshy nude. Van Gogh, too, is well represented with his famous Arlesienne and landscapes with tormented trees. There is Cézanne's portrait of his wife, a Tahiti scene by Gauguin, early Picassos and Manet's Marie Lefebvre, riding side saddle all clad in black and looking as seductive as Bonnard's appealing nude or Degas' ballet dancers. (23978). Ends Nov 6.

NEW YORK

American Craft Museum. An ambitious show that traces the history of American architecture back to the turn of the century and emphasises the work of artists like Tiffany, Lawrie and Louise Nevelson who were commissioned to add art to the architecture. Ends Sept 4.

Pierpont Morgan Library. Over 300 items from the life and art of Beatrix Potter show the evolution of the artist and her work. Included are the illustrated letter, discovered only months ago, to Noel Moore that became the basis of Peter Rabbit and the entire sequence of 22 watercolours from The Tailor of Gloucester, lent by the Tate Gallery. Ends Aug 21.

CHICAGO

Art Institute. Photographs by Josef Sudek. Using his native Prague as the background, this avant-garde photographer, who died in 1976, captured the lyrical quality of the Czech people and the country's beautiful landscapes. Ends Sept 5.

WASHINGTON

National Gallery. More than 60 masterworks, from a superb 16th-18th century collection of Munich's Alte Pinakothek, include paintings by Rubens, Rembrandt, Titian, El Greco and Van Dyck. Ends Sept 5.

National Gallery (East Wing). To mark the 350th anniversary of the first Swedish colony in North America, the exhibition covers four Swedish monarchies to the 16th and 17th centuries and shows Sweden as a resplendent and aggressive world power through objects and 100 paintings on loan from the Royal Treasury, the National Museum and the royal collections. Ends Sept 5.

TOKYO

Tokyo National Museum. Von Siebold and Japan. Special exhibition of Japanese art and artefacts from the Netherlands Museum of Ethnology, collected by the pioneer of Japanese studies in Europe, Philipp Franz von Siebold.
Closed Mondays. Ends July 31.

Tokyo Metropolitan Museum. Paris – the City and its People. Photographs by Atget and Cartier-Bresson, mainly from the 1930s, displayed to one of the loveliest art deco buildings in the world. Ends July 24.

MUSIC

LONDON

Dizzy Gillespie Big Band with Chuck Mangione. Royal Festival Hall (Mon). (928 3191).

City of London Sinfonia and London Concert Choir conducted by Andrew Lucas with soloists. Mozart and Haydn. St. John's Smith Square (Tue). (222 1061).

Carlos Santana and Wayne Shorter. Royal Festival Hall (Wed).

WEST GERMANY

Schleswig Holstein. This summer's festival has been extended to 176 concerts in 29 different venues. World class musicians will be performing to small villages from the island of Sylt in the north to Wotersen to the south, as well as in Hamburg and Luneburg. They will be playing in manor houses, barns, churches and riding stables.

One of the main aims is to attract and support young talent: there will be 18 master classes with Siegfried Lorenz, Heinrich Schiff, Elisabeth Leonskaja, Sachar Bron, Nina Dorliac and Lew Maunow, among others, in Lubeck's music school.

The festival's orchestra, trained throughout the summer by Leonard Bernstein and Sergiu Celibedache, will then go on a concert tour of West Germany.

Highlights are the Festival Orchestra, conducted by Leonard Bernstein and Sergiu Celebidache and Christoph Eschenbach; Guiseppe Sinopoli and the Philharmonic, and Iona Brown conducting the Academy of St Martin-in-the-Fields. Soloists include Gidon Kremer, Shlomo Mintz, Boris Pergamentschikow, Heinrich Schiff, Bruno Leonardo Gelber, Elisabeth Leonskaja, Svjatoslav Richter, Alexis Weissenberg, Lucia Popp, Dietrich Fischer-Dieskau, Hermann Prey and Peter Schreier. Schleswig Holstein Festival, Postfach 3840, 2300 Kiel, West Germany. (0431 81070).

NETHERLANDS

Amsterdam, Concertgebouw. The European Community Chamber Orchestra, conducted by Ivor Bolton, with a programme of Myslivecek, Haydn, Paisiello (Thur). In the Recital Hall: a recital by the winner of the 8th International Piano Competition (Mon); guitar recital by Roberto Aussel (Wed). (718 345).

Amsterdam, Nieuwe Kerk (Dam Square). A candlelight concert by The Academy of the Begijnhof under Roderick Shaw: Purcell (Thur).

NEW YORK

Mostly Mozart Festival. Opening special event of the festival has the Mostly Mozart Festival Orchestra, conducted by Gerard Schwarz with Vladimir Feltsman (piano) and Frederica von Stade (mezzo-soprano) in a programme of Mozart and Haydn. Avery Fisher Hall, Lincoln Center (Tue). (874 2424).

Aviva Aranovich piano recital. Haydn, Schumann, Chopin, Bartok. Free concert at IBM Atrium, 56th & Madison (Wed 12.30 mat).

St Luke's Chamber Ensemble, with Scott Kuney (guitar). R. Strauss, Dvorak, Boccherini. Caramoor Festival, Bedford (Thur). (914 232 5035).

CHICAGO

Ravinia Festival. The Beaux Arts Trio plays Haydn, Beethoven, Tchaikovsky (Mon). Chicago Symphony Orchestra, conducted by Vladimir Spivakov with Ray Still (oboe) presents an all Mozart programme (Wed). (728 4642).

TOKYO

Vernon Handley conducts the Yomiuri Nippon Symphony Orchestra, with Rainer Kuchl (violin). Mendelssohn, Mozart, Dvorak. Suntory Hall (Tues). (270 6191).

Philharmonisches Oktett Berlin. Mozart, Beethoven. Suntory Hall (Tues). (235 3201).

Tokyo Philharmonic Orchestra, conducted by Jukka-Pekka Saraste, with Izumi Tateno (piano). Debussy, Khachaturian, Bartok. Tokyo Bunka Kaikan (Thurs). (256 9696).

Shinsei Nihon Symphony Orchestra, conducted by Kazuo Yamada. Haydn, Mahler. Suntory Hall (Thurs). (985 4836).

OPERA AND BALLET

LONDON

Royal Opera (Covent Garden). Andrey Tarkovsky's visually stark and striking Boris Godunov production returns with its original bass, Robert Lloyd, in the title role, and a cast including Vladimir Popov, Robert Tear, Stefania Toczyska, and Gwynne Howell. James Conlon conducts. The unsatisfactory Peter Wood production of Don Giovanni returns with a superior cast (including Thomas Allen, Stafford Dean, Kiri Te Kanawa and Stuart Burrows) and Colin Davis as conductor. Gwyneth Jones's performance of Strauss's Elektra is one of the most compelling the Opera House has seen in some while. The other cast members – Helga Dernesch, Ruth Falcon, Willard White, Kenneth Woollam – are also first-rate, as is Gerd Albrecht's conducting. (240 1066).

PARIS

Cologne Opera (Théâtre des Champs Elysées). La Gazza Ladra, conducted by Iwan Fischer, is a vivacious and colourful production which brings to life Rossini's mixture of comedy and pathos. The opera semi-seria is co-produced by the Paris Opera and the Théâtre des Champs Elysées (47.20.36.37).

Paris Opera (Palais Garnier). Pier Luigi's production of Norma, conducted by Maximiano Valdes, holds brilliantly the strands of the romantic tragedy. It alternates with a production of Faust by Jorge Lavelli to which, against a metal and glass background, Faust and Mephisto become two facets of a dual personality. (47.42.57.50).

NETHERLANDS

Amsterdam, Muziektheater. London Contemporary Dance Theatre with John Somebody (Newman/Johnson); Songs, Lamentations and Praises (Cohan/Burgon), and And Do They Do (Davies/Nyman). (255 455).

WEST GERMANY

Bonn, Opera. Giancarlo del Monaco's production of Der Liebestrank, with Krisztina Laki, Dalmatio Gonzales and Brian Schexnayder closes the 1988 season.

Frankfurt, Opera. Peter Mussbach's production of Il Barbiere di Sivigia has its première this week, with a cast including Alice Baker, Josef Kundlak, Enzo Dara and Alessandro Corbelli. Jenufa is revived with Helena Doese outstanding in the title role. Der Wildschutz, conducted by Volkmar Olbrich, will be offered for the last time this season. The cast is led by Josephine Engelskamp, Elsie Maurer, Susanne Freyler and Jerrold van der Schaaf.

ITALY

Milan, Teatro Alla Scala. Zeffirelli's production of Turandot, conducted by Lorin Maazel, with Ghena Dimitrova, Fiamma Izzo d'Amico, Milena Pauli, Nicola Mart Inucci and Silvestro Sammaritano. (80.91.26).

Ravena Festival, Rocca Brancaleone: Turandot, conducted by Hubert Soudant and produced by Pier Luigi Pizzi, with Maria Dragoni, Cecilia Gasdia and Antonio Ordonez, and the orchestra and chorus of the Bologna Teatro Communale (Tues and Thur). Loggetta Lombardesca: works by various choreographers under the title Byron, Tchaikovsky, Manfred, Astarte and Others. The programme is danced by Carla Fracci, Virginio Gassolo, Alessandra Althoff and Giuseppe Botta, produced by Beppe Menegatti and conducted by Karl Martin. (32577).

Verona, Arena Di Verona. Traditional production of Ponchielli's La Gioconda by the French director, Jean Claude Avry, conducted by Christian Badea (musical director at Spoleto until last year). The cast includes Giovanna Casolla, Bruna Baglioni and Silvano Carroli. Repeat of Pietro Zuffi's 1987 production of Aida, with glittering metallic sets and costumes, conducted by Donato Renzetti, with Maria Chiara, Fiorenza Cossotto and Franco Bonisolli as Radames. (590.109).

WASHINGTON

Paris Opera Ballet (Wolf Trap Festival). A week-long visit includes performances of Cinderella and Rudolf Nureyev's refashioned Swan Lake. Ends July 17. (432 0200).

TOKYO

Macbeth (Verdi), with Shirley Verrett, Justino Diaz and the Fujiwara Opera Company, conducted by Michelangelo Veltri and directed by Paolo Trevisi. Tokyo Bunka Kaikan (Mon, Wed, Thurs). (371 5384).

Kudiyattam: Classical Dance Drama of India. Laforet Museum, Akasaka (Mon). (461 0893).

Zephyre. World première revival of an opera ballet by Rameau, conducted by Jean-Claude Malgloire with the Baroque Orchestra of the Tokyo Summer Festival. Produced by Francois Raffinot. Shinjuku Bunka Centre (Wed). (350 1141).

THEATRE

LONDON

Too Clever By Half (Old Vic). A fizzing Gogolian production by Richard Jones of Ostrovsky's Diary of a Scoundrel in an old Rodney Ackland version, with remarkable Expressionist designs by Richard Hudson and a brilliant central performance by newcomer Alex Jennings. Until August 13. (928 7616, credit card bookings 261 1821).

Cymbeline, The Winter's Tale and The Tempest (Cottesloe). Peter Hall's National Theatre farewell productions return to the Cottesloe for July before opening at the Olivier Theatre in August. Michael Bryant's tetchy Prospero, Geraldine James's adventurous Imogen and Tony Haygarth's sweaty Caliban are the pick of some uneven performances. (928 2252, credit cards 379 4444)

The Changeling (Lyttelton). National Theatre director-designate Richard Eyre pitches in with an exotic though stickily articulated transposition of Middleton and Rowley to a Goyaesque 19th century Spanish slave colony. Miranda Richardson and the black De Flores of George Harris play second fiddle to William Dudley's designs. (928 2252, credit cards 379 4444).

The Common Pursuit (Phoenix). Second London chance for flawed Simon Gray comedy about Cambridge graduates in love and publishing. Author directs a take-over cast including James Wilby and Patrick Barlow. (836 2294, credit cards 340 9661).

Easy Virtue (Garrick). Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Hay Fever, but worth seeing. (379 6107).

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, with Gemma Craven failing to wash the baritonal Emile Belcourt out of her hair.

The Phantom of the Opera (Her Majesty's). Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber. (839 2244; credit cards 379 6131/240 7200).

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. (379 5399).

Hapgood (Aldwych). New Tom Stoppard mixes espionage, romance and higher physics in a splendidly taut and clever entertainment. Felicity Kendal is the eponymous intelligence agent, Roger Rees and Nigel Hawthorne in elegant support. Double meanings and double identities abound. (836 6404; credit cards 379 6233).

NETHERLANDS

Amsterdam, Stadsschouwburg. The English-Speaking Theatre of Amsterdam continues its 10th anniversary summer season with James Saunders' Next Time I'll Sing to You, centred around the Essex hermit Alexander James Mason (Not Sun or Mon). Also: the Els Comediants company from Catalonia with La Nit, a comic cavalcade of giants and mortals who play out their lives under the watchful eye of the full moon. (Until Wed). (24 28 11).

NEW YORK

Fences (46th Street). August Wilson hits a home-run with a powerful tale of an old baseball player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings. (221 1211).

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline. (239 6262).

A Chorus Line (Shubert). The longest-running musical ever in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Les Misérables (Broadway). Led by Colm Wilkinson, repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons to pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its US incarnation: the skaters do not have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up, silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably British. (947 6033).

WASHINGTON

The Search for Signs of Intelligent Life in the Universe (Eisenhower). Lily Tomlin repeats her award-winning solo performance of the crazy people who inhabit her funny and strange imagination. One major segment explores the women's movement over the past decade. Ends Aug 7. (254 3670).

Les Misérables (Kennedy Center Opera House). The touring company of the international hit of last season brings in Washington the historical sweep of Victor Hugo, set in rousing music and an insistent contemporary beat. Ends Oct 15. (254 3770)

CHICAGO

Pal Joey (Goodman). Set in Chicago in the 1940s, this Rodgers and Hart classic, directed by Robert Falls, follows in haunting melodies the escapades of a classic heel caught between the one who loves him and the rich lady he wants. Ends Aug 7. (443 3800).

TOKYO

Kabuki (Kabuki-za). The kabuki theatre's greatest showman, Ichikawa Ennosuke, stars in a complete version of one of the most famous plays in the kabuki repertoire, Yoshitsune Sembonzakura (The Thousand Cherry Trees). The performance is in two parts, at 11am and 4pm, but the play is little more than a series of loosely linked episodes. Act VII features Ennosuke's portrayal of the fox, Tadanobu, with its magical quick changes, acrobatics, and a climactic flying exit. (541 3131).

Opera-za no Kaijin, better known as The Phantom of the Opera (Nissei Theatre). Japan's leading musical company, Shiki, acquits itself well in what is a virtual carbon copy of the London original. The Japanese translation is often awkward, but Andrew Lloyd-Webber's gift for artificial pastiche, Harold Prince's romantically evocative staging and Maria Bjornson's stunning sets and costumes make for an enjoyable evening whether you understand the words or not. (503 3111).

Les Misérables (Imperial Theatre). This stirring musical adaptation of Victor Hugo's novel of the Paris barricades has returned to Tokyo for another four-month run. (201 7777).

Cinema/Nigel Andrews

In the footsteps of Adam and Eve

Saigon directed by Christopher Crowe
Starlight Hotel directed by Sam Pillsbury
Genesis directed by Mrinal Sen
It Couldn't Happen Here directed by Jack Bond
Prince - Sign O' The Times directed by Prince
The Naked Cell directed by John Crome

On-the-road outcasts: Greer Robson and Peter Phelps in "Starlight Hotel"

The oldest story in the world, as we are reminded by this week's films, is Them versus Us. "Us" are we ordinary human beings trying to get through an honest, unharassed three score years and ten. "Them" are the powers-that-be, wilful and remote, who persecute us, harry us or order us about according to their own impenetrable wisdom.

The first Us-versus-Them story took place in the Garden of Eden. Us (Adam and Eve) had a terrible time trying to please Them, or in this case Him (God). Forbidden access to the knowledge of good and evil, the world's first man and woman made all the wrong decisions, setting a pattern which humanity has touchingly followed ever since. They ended up being served with an eviction notice. Mrinal Sen's *Genesis* (see later) is an Indian glance at this fable and its Eastern equivalents.

Adam and Eve were the first outlaws, which explains our feelings of kinship with that breed as a whole. Make a movie about a boy and girl on the run from the law – whether it is *Bonnie And Clyde*, *Badlands* or this week's *Starlight Hotel* – and audiences will cheer the fugitive wrong-doers and hiss the law-enforcers. The response makes no ethical sense at all, but it has been with us since Genesis. Disobedience is romantic. Disobedience shows we are human. Disobedience shows we can be brave, sassy, reckless and independent.

And of course there is always the chance that They, far from being better and wiser than Us, are just better and cleverer at covering up their sins or follies. *Saigon* is a Watergate-goes-to-South-East-Asia movie. Runaway corruption is gnawing at the ruling classes, in this case the U.S. Army top brass. There is an outbreak of prostitute-murdering in Saigon, 1968, and military policemen Willem Dafoe and Gregory Hines find the bloody footprints all lead to – well, let us say to a senior chap not a million miles away from the story's centre.

The trend the movie belongs to is interesting: the movie less so. Directed and co-written by Christopher Crowe, it is pursed hokum for the conspiracy-theory '80s. The culprit's identity can be discerned from several miles away, even without the aid of field glasses. And the film ascends to the higher planes of Hollywood inanity with the introduction of a beautiful French nun, played with appalling accent by British actress Amanda Pays. Dafoe falls in love with her and by final reel, after chases, explosions and god knows what else, he sinks into her arms with the deathless words, "I'm sorry, sister, the world is so insane."

The film, I fear, likewise. I know Vietnam was a difficult place. But I am blowed if I can work out why Scott Glenn as a nutty Colonel throws all those Vietcong prisoners out of his helicopter and then throws himself out after them. Or why Pays's Mother Superior, so concerned about the prostitute killings ("Zese murders 'ev become epidemeec"), is so unconcerned about the dangers and moral dubiety of Miss P's love trysts. Or how Dafoe and Hines both survive unscathed a terrorist bomb which explodes right under their car. (Possible theory: the movie still has twenty minutes to run.)

Saigon is a minor, wacky footnote to today's paranoia-in-uniform cinema: those films in which we humble ratings in the battle of life are encouraged to peer at our superiors and goggle indignantly at their abuses of power. Sam Pillsbury's *Starlight Hotel* takes an older variant on the Them-Us tradition: the rebel on the run. "They" are the pursuing New Zealand cops. "We" are runaway teenager Kate (Greer Robson), fleeing her guardian relatives to join job-seeking Dad in the faraway big city, and the ex-soldier she teams up with on the way (Peter Phelps), who is in trouble after bludgeoning a bailiff.

The movie barges on for 90 minutes through soul-lifting scenery. (Lustrous cinematography by Warwick Attewell.) But our hero and heroine's on-the-road adventures become more and more like moral signposts along the Great Highway of Self-Knowledge. They stumble on a pacifist lecture meeting, they thwart a pair of repo men bullying a farm couple, they discover a dawning and defiant Love.

The film is like a hybrid of *The Journey Of Natty Gann* and *Thieves Like Us*, its derivativeness unredeemed by its acting. Mr Phelps is a handsome face in search of a character (the script's failure rather than his). And Miss Robson may win the Jenny Agutter lookalike contest, but as a J.A. act-alike she is a non-runner. *Neither character is strongly* enough drawn to make our interest in them more than a lazy, reflex endorsement of the outlaw as hero.

The great socio-philosophical endorsement of Them-Us attitudes is, of course, Marxism. In Marxism, "Us" stands for the toiling workers striving for the Utopian day when they will own the Means of Production. "They" are the fat cats who actually own said means and are damned if they will let them go without a *fight*.

Mrinal Sen's *Genesis* drops four characters into a deserted ghost village in India: a farmer, a weaver, a trader, a woman. (The movie's radical social politics go hand-in-hand with a Stone Age sexual politics in which a woman's role can only ever be that of "a woman"). In the film's religio-Marxist scheme, the farmer and weaver are a sort of Adam and Adam duo; the trader is their capricious God and feudal taskmaster, controlling the supply of materials and the sale of finished products; and the woman is the innocently corrupting Eve, dividing the men first against their master then against each other.

The Bengali-born Sen, a veteran in movie Marxmanship (see *The Outsiders* and *Parashuram*), pots away at his political points *as if on a rifle range. Crack: there* goes a scene to show the two workers' brave defiance of their fate. (They shout "We're no slaves, we're our own masters" at a plane roaring overhead in the night sky). Or bang: there goes a line of dialogue to mark the first materialistic puncture-hole in their integrity ("To dream you don't need sleep, you need money").

But the movie is at its best when Sen stops firing his supply of standard-issue Marxist bullets: when instead he looks up, looks around and sees Nature's ability to startle the world into surrealism. Lightning patterns the sky with furious, silver-glistening veins: a cobra rears up, like a *crack in the earth suddenly come* to life: a troop of camels lope along the skyline, mournful and majestic, like llamas on stilts. Here the film-maker feeds his vision with the world around him rather than the thesis inside him. The neat political platitudes of man versus master suddenly seem Lilliputian next to the aeon-old conflict of man versus nature.

★

Music hath charms to soothe the savage breast. But what condition the average savage breast will be in after exposure to *It Couldn't Happen Here* or *Prince – Sign O' The Times* I could not say. The first gives us the Pet Shop Boys let loose in a Britain seemingly taken over by a demented pop-promo director. As their ditties detonate on the soundtrack, the boys' on-the-road encounters include a blind priest (Joss Ackland), a fried-egg-throwing boarding-house keeper (Barbara Windsor), a mass murderer (Ackland again) and a ventriloquist (Gareth Hunt) whose dummy discourses on the nature of time. By my watch, this was 87 minutes of clapped-out pop video kitsch. Jack Bond co-wrote and *directed*.

With *Prince – Sign 'O' The Times* at least you get the music served up straight. If straight is quite the word for this steamy concert film. Wearing a striking series of off-the-pectorals ensembles, the draggle-haired powerhouse with the suction-pump lips writhes, howls, purrs and hisses through songs your Aunt Edna never heard and would probably not have remained conscious if she had. The film, directed by Prince himself, is long, loud and louche and will surely be irresistible to all his fans.

Goodness knows who will find *The Naked Cell* irresistible. A chunk of flabby soft porn masquerading as an in-depth character study – of a sex-hungry woman (Vicky Jeffrey) in and out of mental homes and prisons – it offers little to the raincoat brigade and nothing at all to anyone else. John Crome directs and Berkeley Burdock wrote the hideous embarrassment called the script. (Sub-Joycean stream-of-consciousness a speciality.)

Big Time/Gate

Claire Armitstead

The Gate's neo-colonialist season takes a trip beyond high finance with this blistering attack by the young American dramatist Keith Reddin on the twin idols, money and power. At first it seems that *Big Time* is going to be another variation on the favourite theme that where there's brass there's *muck. On the cocktail circuit* and at home we are introduced to Paul, a banking whizzkid crassly insensitive towards his "significant other" and ruthlessly bitchy to just about everyone else.

But it soon becomes clear that more is at stake than the choice between a Jag and an MG; that in Reddin's reckoning money means manipulation and big money means meddling on a global scale.

While Paul's photojournalist rival in love forsakes the atrocities *of Central America for a* comfortable billet taking society snaps, Paul's ambitions flower into wheeler-dealing with a nameless Middle Eastern power. Both are moral and emotional bankrupts, whose personal relationships wither and die, almost unnoticed, as their careers prosper.

Alastair Muir

Stephen Hoye and Sharon Holm

Reddin excels at capturing the barbed vacuousness of the social round, layering up an emotional desert that becomes painfully obvious when Paul's wheeler-dealing ends in imprisonment by *a revolutionary army, and no-one* longs for his release (the fact that the bank pays to get him back is simply *pour encourager les autres*).

The play might well have ended there – as a hubristic warning about international finance – but Reddin is in no mood for comfortable endings. Our last glimpse of Paul takes us right up to Capitol Hill for the apotheosis of the yuppie into the modern day politician: what is money, he says, beside the power to decide events?

It is a brittle and blistering view, which emerges from Toby Reisz's production with a muscular understatement that loses impact in the scenes of revolutionary internment but reaches a high point in its manipulation of Reddin's poignant monologues of isolation.

The forlorn expansiveness of Stephen Hoye's excellent Paul as he relates his experiences to an empty room, not realising that Fran, his ex, has left it, are echoed by the extraordinary comic ramblings of banker Diane (Erin Donovan), who without any sense of emotion relates how her entire family were wiped out in successive, increasingly improbable disasters. Sharon Holm as Fran and Johnny Myers as Ted, a banker according to Woody Allen, produce sterling work in a cast that has its weaknesses.

Ian Munro/Wigmore Hall

David Murray

Munro is the young Australian pianist who came second in the Leeds Competition last year. His recital on Wednesday was full of plain good sense, and it boasted his own literate programme-notes. But he has some considerable way to go yet: the well-varied programme was not matched by due expressive variety in his playing, nor – which may come to the same thing – did any individual imagination make itself felt. The broad outlines of pretty well everything were sound enough; the detailed filling-in did not excite.

Liszt's 11th Hungarian Rhapsody, which concluded the programme, had a lot of the right swagger, and flair (probably Munro's studies with Michele Campanella have paid off), and next round it may have all of it. A ring of real technical command would help: here and in several other places – Debussy's toccata-writing in *Pour le piano*, the final razzmatazz in Schubert's "Wanderer" Fantasy – Munro gave a strong impression of being *almost* there, but not securely enough for him to risk any surprises.

His Schubert and the op. 7 E-flat Sonata of Beethoven came in the first half, and both were excessively hard-fingered. There was some very unappetising sound in the "Wanderer," and his forthright approach to Beethoven left many an expressive phrase square and flat. The Adagio of the "Wanderer" had more depth, and even sang a bit; and it is only fair to add that in both of these substantial pieces Munro's intelligent grasp of where they were going was a saving grace – except that "grace" was not the *mot juste*.

The Sarabande of Debussy's suite gave really the first indication that he could spin a lyrical line and float it, though the poetic atmosphere came and went unreliably. It held up better in the "Night Music" of Bartók's *Out of Doors* suite, though not in the Barcarolla (convincingly liquid playing seems not to be within Munro's range yet). "Musettes" had some delicately effective textures, and "The Chase" proceeded with confident fury: again, a further degree of incisiveness in the rhythm would enhance it immeasurably.

Allegro/MacOwan Theatre, Logan Place, W8

Michael Coveney

The final year students of LAMDA are presenting a rarity in their little MacOwan Theatre until July 13. *Allegro* (1947) is Rodgers and Hammerstein's third musical, squeezed between *Carousel* and *South Pacific*, and virtually unknown.

Based on no previous theatre piece, *Allegro* is both jejune and experimental: it was clearly a great influence on Stephen Sondheim who, as a young tyro and friend of the Hammerstein family, worked backstage on Agnes De Mille's Broadway production. Themes of growing up and loss of illusion were to be handled with more complexity and panache many years later in Sondheim's *Merrily We Roll Along*. Broadway could no more stomach that musical than it could *Allegro*.

Young Joseph Taylor is born, goes to college, trains as a doctor, marries his home-town girl, dallies with a nurse, flies high in Chicago and goes back home, aged 35, to work with people he knows rather than idiots he despises.

It is characteristic of Hammerstein that rural homeliness is the preferred alternative to city success. But his lyrics, always eloquent, simply don't have the bite required for the hectic urbanity of the show's second half. The bitterly meandering regret of the lovelorn nurse's "The Gentleman is a Dope" merely stales in comparison with what Rodgers and Hart had done in "The Lady is a Tramp."

That earlier alliance is already too much on our minds from the first half college dance, where "Mountain Greenery," the best tune all evening, is borrowed as background accompaniment at the exact chronological moment of its first popularity in the late 1920s. It comes as a great relief after the stomping automaton baby march of "One Foot, Other Foot" and the flatly written (and flatly sung) parental concession of "A Fellow Needs a Girl."

Apart from the spirited conga-style title number and the broad and rushing sweep of "You Are Never Away," the score's main virtue is its quasi-operatic fluency, devised to suit this strangely aberrant Everyman theatre format before Rodgers renewed his second lyrical phase to suit Hammerstein's lushly romantic instincts.

The innovative elements include a singing Greek chorus, admonishing and intervening from the wings, an interesting dissolve setting of the marriage vows, a rich girl ballet among the mid-West washing lines ("Money isn't everything – as long as you have dough"), and a singing maternal ghost. The LAMDA students let rip with the Chicagoan babble of "Yatata, yatata, yatata," in which "the ladies and gentlemen who keep the great metropolis alive / drink cocktails and knock tails every afternoon at five."

That's a good example of Hammerstein as a Hart failure. Otherwise, Richard Digby Day's production follows the Agnes de Mille approach of moving platforms and a simple nonrepresentational set. This, superbly designed by Richard Bullwinkle, comprises a floating white clapboard box with stencilled cutouts of the mid-Western landscape into which flies a twinkling silhouette of the Chicago Loop.

The students are as eager and refreshing as ever, although musical standards are never as high as they are at the Guildhall School. Darby Hawker and Elizabeth Reece show comic, soubrette-ish potential, Julie-Kate Olivier is more calm and collected than her father's vividly shocking account of her first moments on earth might have led us to expect, and Paul Putner exudes a stalwart versatility. The lead role is invested by Jack Murphy (who resembles a young Burt Lancaster) with a stolid charm and a curiously overtrained singing voice.

Wet Wet Wet/Wembley Arena

Clare Dalziel

The London pop scene has been awash with pretty boys over the last week. First Bros, the slick-haired London trio barely out of short trousers, packed out Hammersmith Odeon with hordes of screaming under-twelves, while at Wembley Arena it was the turn of Glasgow band Wet Wet Wet, fronted by the angelic Marti Pellow. Pellow's cute, toothy grin and Lost Boy looks have helped launch a handful of top ten hits over the past year and boosted sales of *Popped In Souled Out*, their debut album, to over a million.

The band's music is as lightweight as the title – a mixture of slushy tunes and lyrics, dressed up with lengths of heavy-handed soul phrasing. There were no colossal surprises, except perhaps the chance to marvel at Wet Wet Wet's adaptability. They changed musical styles as often as they changed songs. The opening number "I Can't Give You Everything" was pure, adulterated Motown, while "I Remember" sounded distinctly like early Culture Club.

Vocalist Pellow had a crack at numerous imitations – from James Brown shouts and quivers in "How the Hell Did They Get There?" to a rasping Dylan gurgle in "I Wish." Each number brought fresh echoes from the past, most obviously in "Sweet Little Mystery" which slid gracefully into a cover of "Twist and Shout."

Wet Wet Wet's visual impact was equally lightweight. They appeared behind a gauze curtain, casting larger-than-life shadows across the stage, while halos of light spun dramatically around the audience. The curtain dropped to reveal four casually dressed lads and a hired brass section, blinking in the spotlight. The band's catchphrase "Who the Hell are Wet Wet Wet?" came no nearer to an answer. It could be Pellow himself, as he prances and swaggers boyishly around the stage, flashing his winsome smile and grasping all the attention. But the music still sounds like a medley of average cover versions, with only "Angel Eyes" and the steamy encore "Temptation" worth a second glance.

Perhaps there was one surprise of the evening – Wet Wet Wet's choice of support band. The Pasadenas, a five-boy funk line-up with a repertoire of rubber-limbed dance routines, had the Wembley audience in the greatest uproar of the night.

Saleroom/Antony Thorncroft

English furniture record

Christie's gave its new chairman, Lord Carrington, an excellent welcoming present yesterday when it achieved a record for an English furniture auction of £3.8m, with only 9 per cent unsold. The saleroom was crammed, with continental buyers jostling a few Americans and the English trade for the best lots.

There was a record price of £407,000 paid for an English commode. A convoluted history raises the possibility that this George II commode was supplied to the Townshend family by the Chippendale workshop. Whatever its origins its prices yesterday far exceeded the high estimate of £75,000.

But that was the story of this unexpectedly successful auction. A George II scarlet and gold lacquer bureau cabinet, possibly supplied by Giles Grendey to the Dukes of Infantado in Spain, also did very well, making £242,000 to the London dealer, Fine Art Consultants, while another London dealer, Hewart-Jaboor, paid £220,000 for a pair of George III giltwood pier glasses which had belonged to the Dukes of Hamilton at Haddington.

Partridge, of London, bought a pair of George II side tables, sold by the Trustees of the late major General E.H.Goulborn, for £198,000 (as against a top estimate of £30,000) while six George II side chairs doubled their top estimate at £76,000, selling to Wellington Antiques.

A pair of George II black and gold lacquer open armchairs by William and John Linnell, from a set of eight made as part of a suite of japanned furniture for the 4th Duke of Beaufort just after 1750, also doubled their top estimate at £110,000. They were among the first chinoiserie style items to appear in English homes and a watercolour drawing by John Linnell of one of the chairs is in the V & A.

Sotheby's was very excited about selling a Michael Rysbrack marble bust of the architect Francis Smith. It was made in the mid 18th century and was sold by the executors of the late Marcus McCausland of Northern Island. In the event the price of £165,000 was rather a disappointment, but Smith, perhaps best known for his work on the Radcliffe Camera in Oxford, does not have the glamour of some of the other sitters of Rysbrack.

A Venetian bronze statuette of Venus and Cupid attributed to the 16th century Italian artist Danese Cattaneo sold above estimate at £48,400, and a French half life size marble group of Neptune and Amphitrite on a scallop shell in the style of Michel Anguier, of the mid 17th century, also exceeded its top estimate at £35,200. A massive marble Genoese marble chimney piece, 6ft 10 inches high and over 9 feet wide, which had been in the old Eaton Hall home of the Dukes of Westminster, sold for £25,300.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday July 8 1988

Bonn's internal squabbles

THE WEST GERMAN Government, Janus-like, has lately presented two conflicting images to the world. One of these has been Chancellor Helmut Kohl's effective six-months' presidency of the European Community which has won unaccustomed praise from all the other member countries. Not only was the controversial matter of Community financing settled during this period, but more internal market liberalisation measures were adopted than even the UK was able to push through during its presidency.

However, the high marks earned by Bonn in this field hardly reflect the present internal disarray of the coalition Government, epitomised by Mr Kohl's failure to provide the leadership desired by his supporters and by inconsistencies in economic policy.

At last month's annual congress of the ruling Christian Democratic Party, Mr Kohl was subjected to sharp criticism for permitting frequent public quarrels between coalition party leaders over tax and social security reforms to undermine the image of the Government. The comic opera row over the attempts by Mr Franz Josef Strauss, the Bavarian Prime Minister and leader of the CDU's sister party, to exempt fuel for private aircraft from sales tax, was but one example of such incidents. Younger CDU officials were even reported to have drawn up a memorandum arguing that the party could not face the next general election in 1990 with Mr Kohl as Chancellor.

Economic policy

Economic policy has been at the core of the malaise. When it took office six years ago, Mr Kohl's administration promised a new approach to managing the economy, of which its tax reform package, due to be implemented in 1990, was to be the centrepiece. The intention was both to broaden the tax base and to stimulate growth by putting an extra DM 20bn in people's pockets. In this way, Bonn hoped that it would defuse criticism from its Western partners that it was not contributing enough to international economic expansion.

That package still has to be voted by the Bundesrat (Upper House) today. But it has already lost some of its gloss as the result of the tax increases announced by Mr Gerhard Stoltenberg, the Finance Minister, during his formal presentation of the 1989 budget in the Bundestag yesterday. These will at least partly neutralise the direct tax reductions to be made in 1990.

The latest tax rises, hitting cigarettes, petrol and household and industrial gas supplies, have been forced on Mr Stoltenberg by the need to cut the large budget deficit, inflated by a far larger increase than expected in federal spending. Some of the most vociferous criticism of Mr Stoltenberg's measures has come from members of the Free Democratic Party (FDP), the junior coalition partner, who have complained, in particular, about the planned increase in next year's defence spending.

Minister's promise

However, the most serious charge is that the Finance Minister has gone back on his promise, made at the beginning of the year, that the deficit would be cut, not only by an increase in consumer taxes, but by general spending controls and reductions of government subsidies. In practice, the latter, in the form of payments to the steel industry and a doubling of spending on the European Airbus programme, are expected to rise sharply next year.

Only last month, the OECD in its six-monthly Economic Outlook forecast that private consumption, stimulated by tax cuts, should remain the mainstay of economic growth in 1988, but was likely to decelerate moderately next year. That prediction may now have to be modified downwards.

However, the likely slow-down in the rate of expansion next year is not the main problem facing the Bonn coalition. Though Mr Kohl's Government is in no immediate danger of being overthrown, he will have to make a much greater effort than hitherto to maintain the support of his coalition allies and of the regional Prime Ministers of his own party. The impression of a leadership vacuum created by the coalition squabbles of the past few months could damage domestic and international confidence in the Government.

New rules for local spending

THE THATCHER Government sees itself as Hercules battling the local authority Hydra. Local authorities constantly discover new and creative ways of evading controls, so forcing the Department of the Environment to wield its sword yet again.

With the Community Charge, the Government believes it has found the perfect means of cauterising those necks. Since the Government will supply about 75 per cent of total local authority resources under the new system, the effect of overspending would be to increase the charge proportionately much more than total spending. The cost of such increased expenditure will be shared equally among local residents. Consequently, the penalty for what the Government regards as irresponsible expenditure will fall most heavily on those residents unfortunate enough to be not quite destitute, yet.

It is only against this background that one can understand the proposals put forward yesterday by Mr Ridley, Secretary of State for the Environment. The proposals are welcome in themselves, but they are advanced only because of the absurdity of the Community Charge.

Four proposals

Mr Ridley makes four proposals. First, he has issued a consultative document on local authority capital expenditure, which proposes the replacement of the present system of control on expenditure by one on borrowing. Secondly, legislation will be introduced to allow for the payment of a fixed revenue support grant, starting not in 1990/91, with the introduction of the Community Charge, but next year. Thirdly, he has made proposals for the aggregate exchequer grant for next year. Finally, rate-capping will only apply to seven inner-London authorities and the Inner London Education Authority.

The last item may be regarded as transitional. Rate-capping will soon be a thing of the past and one presumes that the powers to cap the Community Charge will be very sparingly used (since, otherwise, the entire reform would have little to recommend it).

The idea of controlling local authority borrowing rather than its capital expenditure does, ironically, take the Government back to the system in effect before 1981. It is a sensible change, because the Government cannot avoid responsibility for the level of local authority debt. With as much as £45bn outstanding, regulation is the only way of avoiding a potentially dangerous moral hazard. Indeed, if such control had been in effect until now, it might have been possible to forestall the more bizarre schemes cooked up between merchant bankers and certain of the more profligate councils.

Capital receipts

In the process of determining the level of borrowing, the Government has also proposed a change in control over the use of capital receipts. At present only 20 per cent of capital receipts on housing and 50 per cent of other capital receipts may be used for new capital spending. Under the proposals 75 per cent of receipts from the sale of housing and 50 per cent of other receipts must be used to redeem debt, be set aside to meet future capital commitments or replace future borrowing, but the rest may be used for new capital spending. It is estimated that, under the new system, the accumulated capital receipts under the 1980 system will provide local authorities with spending power of £2.5bn. In addition, new receipts are expected to provide spending power of about £1bn a year. The net effect of these proposals would appear to be to give the local authorities a greater incentive for capital sales.

In addition, the proposed fixed revenue support grant will provide local government with much greater certainty than at present. This proposal, too, takes the debate back to an earlier stage, since local authorities made that proposal back in 1979.

The Government is making sensible changes, consequent on the introduction of a more than countervailing absurdity. The Government will assert that the one is implied by the other, but it can never be sensible for absurdity to be a condition for good sense. The tragedy is that these desirable changes are not being introduced in the context of a more acceptable reform of local authority finance than the Community Charge.

Steven Butler looks at the repercussions of the Piper Alpha oil platform disaster

THE EXPLOSION and fire that ripped apart the Piper Alpha oil production platform on the North Sea, operated by Occidental Petroleum, late on Tuesday night now appears set to become the worst accident in the history of North Sea oil production.

It has brought a gruesome reminder of just how dangerous it is to house men in confined spaces, in the bowels of a giant structure designed to pump hot oil mixed with volatile gas under high pressure from reservoirs beneath the ocean floor.

It is the scale of human loss from the tragedy – 166 dead and missing – that is so stunning, particularly in view of the elaborate safety procedures that are routine for work on the North Sea.

If Mr Peter Morrison, the energy minister, is right in remarks yesterday, that the disaster began from an explosion in living quarters aboard the platform, serious questions must now be asked about the adequacy of designs that permit a chain reaction of explosions to charge so rapidly through the structure.

Beyond the terrible human cost, yesterday's disaster has revealed a surprising vulnerability in Britain's oil production. The 123,000 barrels a day of oil coming from the Piper platform is now almost certainly lost for the next three or four years. An additional 167,000 barrels of daily production from neighbouring fields was shut down when Occidental closed the Flotta pipeline, which links the fields together.

Destruction of the Piper facilities made operation of the line impossible because the ends leading to Piper were virtually severed and it is unclear how quickly it can be restored. Estimates yesterday ranged from a week to three or four months.

The sudden loss of such a big portion of UK production from a single accident dramatically underlines the interlocking nature – and consequent vulnerability – of North Sea production and pipeline systems. At a stroke, 12 per cent of Britain's oil production is gone, representing £900m of annual exports and £370m of government revenues.

Mr James Lovegrove, head of James Capel's Petroleum Service Department, estimates real losses will be closer to a third of these numbers, although this will not be clear until further assessment of damage to the pipeline can be made.

Mr Joseph Stanislaw, of Cambridge Energy Research, says the lost production could add 20 to 30 cents to the international price of oil.

Traders in New York have stronger views and pushed up the price of West Texas Intermediate crude on the New York Mercantile Exchange by roughly a dollar. The price was also boosted by robust petrol consumption in the US. The crudes that went out of production in Britain yesterday were rich in their yield of petrol.

Before and after: little remains of the Piper Alpha platform following the devastating fire

The fearful cost of North Sea riches

Insurers in the City were busily guessing yesterday what their share of the disaster would total, with figures of $1bn bandied about. This would make it the largest claim in North Sea oil history and could push up premiums for others in the industry.

But the most immediate concern for the British government will be the safety implications. The Piper blast seems particularly surprising after a relatively long period in which the industry had successfully contained potentially disastrous accidents.

An explosion earlier this week at the Alpha Brent platform led to no serious damage. On the Piper platform itself, four years ago, the explosion of a gas conservation module was quickly contained, with 180 platform workers safely evacuated by helicopter.

Only a week ago, the British Safety Council awarded its maximum five star safety award for the first time to an offshore drilling rig, the Shelf Driller, owned by Houlder Marine Drilling. It had completed over a million man hours of work without a serious accident leading to lost work time.

All this must now be seen in a different light following the huge destructive force unleashed late on Tuesday. A series of explosions spread fire so rapidly through the Piper production platform that survival suits, life boats and sprinkler systems were of little practical use.

None of these were in any way adequate to cope with the scale of the sudden fiery destruction of the Piper platform. Flames leapt 700 feet in the air with giant bubbles of natural gas exploding as they rose to the surface of the ocean. The force of the blast toppled Piper's oil derrick and finally split the platform in two.

Survivors, 65 out of a crew of 229, were those few lucky enough to leap, or to be hurled into the sea.

The disaster is eerily similar to a warning issued a decade ago by Mr Red Adair, the famous oil fire-fighting specialist.

"Whatever precautions are taken, there'll be a disaster in the North Sea, sooner or later," he said in 1977. "The thing is time, to get trained personnel there. By then the well may have caught fire – then it gets larger and larger, like a chain reaction, from this well, to the next well, to the next well, the more wells you have on any platform, the more difficult it gets, because the heat will go to the next tree. You get flames, leaks, and it just goes on and on. The hardware to deal with a disaster? At the moment, for a real blow-out, you don't have anything. Just a few vessels, a thing that will squirt water."

The oil industry has argued that the stringent cost cutting measures of recent years, imposed after the 1986 collapse of oil prices, have not affected safety, but this assertion surely now deserves re-examination.

Despite an improvement in 1987, the rate of serious accidents in the past three years, one per 550 workers, is sharply higher than the one-in-800 rate of the previous three years.

Mr Cecil Parkinson, the Energy Secretary, was yesterday quick to defend the safety record of the industry and the vigilance of the Energy Department, which is responsible for enforcing the welter of regulations that apply to every phase of the offshore industry. Indeed the Department had conducted its annual inspection of the Piper platform only on June 23.

"I think the industry has been impeccable on safety," said Mr Lovegrove, who has observed the industry for many years. "It just serves to remind us of the hostile nature of the North Sea. It is a nasty environment."

The last time North Sea safety was seriously examined was in 1980 when a committee headed by Mr J.H. Burgoyne, an industrial safety consultant, recommended that the Department of Energy enforce safety procedures through a series of regular inspections.

The debates of nearly a decade ago now appear certain to be revived after yesterday's disaster. They are made particularly relevant as the oil industry introduces a new generation of technology aimed at reducing costs. The disaster at the Piper platform, of course, was not a product of the new technology, as it was designed and built in the late 1970s.

Yet the scale of human tragedy yesterday illustrates the terrible cost of getting it wrong.

Aberdeen and the dark and light of the oil industry

JUST OVER a week ago the leading citizens of Aberdeen unveiled an ambitious scheme for a theme park in the city. It would be called the Oil Industry Experience and would use simulators, models and film techniques to present to visitors the oil industry, so much of which is out of sight over the horizon.

The £15m to £20m scheme is a cornerstone of a strategy to broaden the appeal of Aberdeen and to ensure that it has a sound economy when oil begins to run down. The boldness with which the scheme was presented was a sign of the city's reviving self-confidence after the severe shock of the 1986 recession triggered by the collapse of oil prices.

Those rising spirits will be shaken by the Piper Alpha tragedy and Aberdeen may well be glad that much of the oil industry is indeed beyond the horizon. The city's relationship with oil, which has brought it so much prosperity, has been shown, as never before, to have its dark side.

Aberdeen was a wealthy city long before the discovery of North Sea oil. It thrived as the centre of a rich agricultural region as well as being an important fishing port. The solid granite houses were built by successful, unostentatious businessmen.

With the oil boom in the early 1970s Aberdeen enjoyed a rate of expansion unmatched by any other major city in Britain. The population rose by 60,000 to 250,000, new suburbs pushed into the countryside and Aberdonians had to come to terms with an influx of about 10,000 American oil men, as well as young men from all over Britain who came to work on the oil platforms.

The influx was not enough to overwhelm the character of the city – the incoming businesses often put up buildings in the style, if not the stone, of old Aberdeen. Many of Aberdeen's business people became used to dealing with companies willing to spare no expense in the rush to exploit the North Sea and some traditional industries such as textiles declined, unable to match the wages paid by the oil industry.

Aberdonians now admit that there was a fair amount of fat in the oil industry supply business at its peak in 1985, when it employed 52,000 people in Grampian region. That made all the greater the shock caused by the crash the following year, when the oil companies, stunned by the fall of oil prices from more than $30 a barrel to under $15 within a few weeks, abruptly stopped spending.

In the 1986 shakeout many businesses only staved off bankruptcy by drastic slimming. Personal tragedies occurred when families who had recently moved to the city found themselves unable to sell their houses when their jobs disappeared. Some did a midnight flit, leaving the building societies to repossess.

An upturn of sorts began in mid-1987 and Aberdonians now look back on 1986 as a salutary experience which made them contemplate a future in which North Sea oil would not always predominate. A consortium, Aberdeen Beyond 2000, drew up a series of proposals for strengthening other industries, especially food processing with its twin pillars of locally landed fish and farm produce, and for improving the efficiency of the paper and textile sectors.

Mr Ian Wood, one of Aberdeen's leading businessmen, soberly summed up the situation last winter. "Recovery means a recovery of confidence. It does not mean recovery to the levels of 1985," he said.

Since then a string of announcements of oilfield developments has demonstrated that the North Sea oil industry is set to expand again. Oil-service employment has recovered by 4,000 from the trough of 40,700 it reached in mid-1987, and the planners recently revised upwards their forecasts for the 1990s. Only a few weeks ago a bank manager noted with satisfaction that after two bleak years one could again sell a house in the city without difficulty.

James Buxton

OBSERVER

Today makes the day

■ The man on US grain supplies and the expert on Armenia had to leave disappointed. John Butcher, the junior Trade and Industry Minister, stayed put and finally got on by the skin of his teeth. The Today programme, flagship of BBC radio current affairs, was doing what it does best - the big running story.

In strict news terms the North Sea oil platform disaster could not have happened at a more advantageous time. The story broke too late for ITN's News at Ten and BBC's Newsnight had only the briefest of reports. The press was all tucked up with Cleveland and the Butler-Sloss report: even the late editions had only the barest details of the North Sea story.

By 7am Today had a reporter in tha air and heading for the scene. Experts had been dragged out of their beds. Even Dominick Harrod, the economics editor, was drafted in for his knowledge of North Sea oil exploration.

Duty editor Sue Bonner said that Radio Scotland had picked up the story first at 10.38pm and immediately informed London. "At that stage we did not know how big the story was, so we could not get to people we had originally arranged to interview."

By the end of the programme the provisional running order had been decimated. Stories on Iran and an Irish Mosque went the way of grain and Armenia, but they did find time for the Leeds paediatrician, Dr Jane Wynne, and the sports minister, Colin Moynihan.

John Humphrys, the former television news presenter who came to Today to get back to "asking questions", has proved a natural successor to John Timpson, teamed-up with Brian Redhead in what must be the best double-act in British broadcasting.

Yesterday he was co-presenting with Sue MacGregor, the former stalwart of Women's Hour. "I don't mean it to sound pompous," said Humphrys, "but the programme is an institution and people do expect certain things of it."

There is none of the prima donna and everything of the working journalist about the team, which is perhaps one reason why ministerial interviews are never in short supply; the other is the time of day.

"They know the Prime Minister listens and it is one way they can get a message to her. It is their opportunity to shine," said Humphrys. And as one of her advisers has admitted: "What the Prima Minister hears on the Today programme can govern her temper for the rest of the day."

Rise of the ecu

■ The ecu – or European currency unit – is more widely used than I had supposed. There is an annual world ecu symposium in Antwerp fostered by the European Commission.

The organisers are all listed on the Luxembourg stock exchange in ecus. Most of them are in the sports and leisure business. Between them they own the Antwerp stadium where the symposium takes place.

Simultaneously, the stadium is the scene of the European Community tennis championships. This is the largest indoor tennis event in the world and the prize money is 200,000 ecus.

The theme of this year's symposium – in November – is along the lines of "The ecu and 1992". Again the European Commission will be watching it very closely. Registration fees are payable in ecus and silver and gold ecu coins will be on sale throughout.

Carrington's art

■ On the surface there is no change at the top at Christie's; a

"Someone should introduce a shopper's identity card."

suave, urbane, cosmopolitan chairman presides over the luncheon table in the form of Lord Carrington, one time Foreign Secretary, and Secretary-General of NATO. But in the four days since he took over the office of former chairman and auctioneer Jo Floydd, the Christie's executives have started to realise what they have taken on.

Carrington is the first outsider to head Christie's in over 220 years and he is questioning every aspect of its operations. He may not slip out of the room, like Floydd, to give his opinion on an 18th century commode, but, at 69, he is proving no flagship figure. He has committed himself to the firm for seven years and he will be there every day to all hours.

He is finding the Christie's business approach refreshing after his experiences with museum prima donnas at the V & A, where he was chairman of the Trustees. His task is to fend off unwelcome takeover bids; to bring in the valuable collections of his friends, the great and the good from around the world; and to ease Christie's more deeply into Europe, especially France, after the removal of trading restrictions in 1992.

Perhaps Carrington's influence will be most keenly felt in Christie's relations with arch rivals Sotheby's. Tha two firms have been competing with rising ferocity for major collections, making costly presentations, and offering ever more ruinous financial incentives to prospective sellers.

Carrington, however, is a very good friend of his ex-Cabinet colleague and head of Sotheby's Europe, Lord Gowrie. He imagines more cooperation: not in the hunt for properties, but in protecting the legal privileges of the salerooms from reform and ensuring that the British dominance of the international art world continues after 1992. Gowrie reciprocates.

Garden games

■ MORI, the company best known for its political opinion polls, recently did some work the lawn mower manufacturer Flymo. One of the questions was: What sort of games or leisure activities do you use your garden for? Seven per cent of respondents said tennis or swingball.

Since few British gardens have tennis courts, the swingballers must be the majority. I had never heard of swing ball before. It turns out to be a very good – and very aggressive – game for two people without taking much space.

Only one per cent of respondents used their gardens for that really bad-tempered game – croquet. Just over 20 per cent said they didn't use their garden for anything like that, or didn't know.

Man in a hat

■ What makes people laugh? One prominent British industrialist thinks it hilarious that Sir Jeffrey Sterling, the chairman of P & O, should have taken to wearing a hat following his frequent exposures on television during the ferries' dispute.

I think it's quite funny, too.

POLITICS TODAY: Joe Rogaly

Whatever happened to citizens?

THE UNBEARABLE lightness of "Thatcherism" is now being felt by some of its most ardent proponents. There is even evidence of such a feeling in the eponymous heroine's heart itself. This became publicly evident on Monday night, when, at a meeting of the new Radical Society, a speech by Lord (Jo) Grimond earned the following rhetorical response from Mr Norman Tebbit: "Is Thatcherism enough?" Lord Grimond's intellectual criticisms of a basically non-intellectual creed had suggested that it is not.

What was that? What did I say? Let us go over those two names again. The principal speaker, Lord Grimond, was the postwar leader of the (former) Liberal Party who, now retired to the Lords, has long combined a sense of the importance of the individual with an understanding that this does not mean the individual's wallet alone. The respondent, Mr Tebbit, is the hard-core Thatcherite ex-minister, currently on the front of the back-benches, whose studied abrasiveness has long and successfully concealed any civilised sensitivities that he may possess about life beyond the wallet.

They are both worried about *something*. But what can it be? Mr Tebbit told us that the question, "Is Thatcherism enough?" is asked at the highest level, indeed right there in No 10 Downing Street, home of the British Prime Minister. He is not the only person who is both in a position to know and who has said this. But, again, what is the worry? Three election victories have been chalked up. A fourth looks highly likely. The Government's legislation is getting through Parliament, with only a minor scratch here or there in the form of a Lords amendment or two. If the economic outlook is uncertain the uncertainty is the product of success rather than failure. So what is troubling our triumphant leaders?

The parties involved would probably reply that not enough has yet been accomplished. Much more Thatcherism is still required if Britain is to be properly transformed. The nature of the people themselves must be changed, by education, or persuasion, or example. That is why it is necessary for the present regime to be returned over and over again until what by then will be a fuller and more complete Thatcherism, a Thatcherism of the spirit, can be said to be permanently in place.

I believe that such a conception misses the whole point. To see why, we must step back a bit.

Since Mrs Margaret Thatcher became Prime Minister in 1979, a number of important victories have been won. The trade unions, which were over-reaching themselves, have been cut down to size. A general sense of fiscal prudence has been established, reaching at last even unto the town halls. The growth of new business has been stimulated. The Government has reduced tax rates, although not overall taxation. The middle classes have become much richer. What Thatcherites call "socialism" — that is, any mild propensity towards redistribution of income or higher government spending — is at bay. A mopping-up programme, in the form of social legislation on education, housing, and the like is under way.

Above all, management is in the saddle. Not only its cadres, but the very concept. The language is that of the successful manager (or is it shopkeeper?). This is the age of "good management", "performance indicators", "devolved budget responsibility", "efficient use of resources" and profit without shame. Even government policies are "sold" to the "consumer" — often at a high price to the taxpayer.

The benefits, and the limits, of this rampaging fashion are well expressed in Lord Grimond's comment that while he might commend both enterprise and culture they are, in fact, entirely different phenomena. They cannot be connected by a phrase. Ergo, the term that most expresses contemporary Thatcherism, "enterprise culture", has no real meaning.

What I suspect is gnawing at the souls of the more thoughtful members of the Government is precisely that age-old question: What is it all for? This first emerged in the recent public spate of religious and theological discourse that followed Mrs Thatcher's sermon to the Church of Scotland. What it was all for, she informed us, was to get rich so that we could use part of our wealth for good causes.

That proposition, with its biblical backing, had several of her senior ministers privately squirming with embarrassment. The question seemed to be re-opened by the early-summer bout of football hooliganism, and the muttering that went around to the effect that if you create a society based on selfishness for money, you stimulate loutish behaviour. There has been genuine concern in Downing Street about hooligans, although none of its occupants is likely to entertain for one minute the notion that it is the fault of their policies.

Of course, in the direct sense it is not. Democratically elected governments are not responsible for the morals of the governed. But there is an indirect relationship that is of the essence of what is missing from present-day Thatcherism. For this is a Government of political Philistines. They do not begin to understand the concept of citizenship, let alone the art of living as one of a community. You rarely hear them talking about people as *citizens*. Taxpayers, yes. Consumers, yes. Every now and then you hear about people as voters. But citizens, hardly ever.

As a result the British polity is increasingly a mechanism designed to be worked by a strong central executive with all the strings leading directly to a number of abstract categories of person. Each has a different place, and a different valuation, in the Thatcherite firmament — producers (ugh), consumers (hooray), taxpayers (voters), managers (good), entrepreneurs (stars). Citizens would get in the way of all this. For citizens not only vote, they express their views and perform civic duties between elections. They inquire into what the Government is doing and protest when they do not like it. They capture their own centres of civic power, such as local authorities, and run them according to their own philosophies, one of which is "socialism". They combine in *communities* that seek to run their own affairs. They are not necessarily part of Thatcherism. Some even attempt to counter it.

This is anathema to the Government. Just this week I joked to a senior civil servant that we are moving towards Gorbachev-style democracy, in which there can be fierce debate, criticism and self-criticism, but for all practical purposes only one party, the Thatcherite party. He did not waver. "The difference is that they are moving towards more openness and us towards less," he replied with a smile.

Do not blame Mrs Thatcher for being the kind of Prime Minister she has become. She is merely a product of British history.

She has bravely undone some of the absurdities of 1945-79, but the principal wrong turning was taken 300 years ago. The Glorious Revolution will be celebrated by the Government and an assembly of eminent personages in Westminster Hall the week after next; it should be an occasion for only modest rejoicing.

For that bloodless event, which established the supremacy of Parliament (and three centuries later the effective supremacy of the Prime Minister), was, in the words of Lord Hailsham, "the product of a series of ludicrous blunders by James the Second." It gave nothing like the rights of citizenship envisaged a century afterwards in the French Declaration of the Rights of Man. It gave none of the checks and balances enshrined in the US constitution, whose bicentennial will be celebrated next year. On the contrary, we British are technically *subjects*, not citizens. We are subjects of the Crown, whose principal (and for many practical purposes sole) constitutional right is to vote for or against a succession of servants of the Crown. The Glorious Revolution put those servants, through Parliament, overwhelmingly in charge.

And what we have in charge today is a set of competent, and increasingly self-satisfied, political managers. They are essentially mercantilist, and bourgeois. There is no reason in our history for them to regard the managed as citizens rather than, say, consumers. There is very strong reason indeed to treat with especial respect those of us who are property-owners, for it was of the essence of late 17th-century thought that government should keep its hands off private property. That may help to explain why today's Tories seem to believe that the extension of home ownership and the spread of ownership of shares in privatised companies together constitute the last word in the extension of freedom.

We can be grateful to the influence of Locke, to his role as a Whig intellectual, for the development of the freedom of religion and opinion, not to mention the rule of law. But these have all resulted from deals between Parliament and the monarchy. They are not part of a fundamental written constitution based on a concept of citizenship. Thus, to take one example, the British judiciary may be independent in day-to-day matters, but it is ultimately subject to the will of Parliament, and hence the executive that is supported by the largest party to the Commons.

To this extent, Mr Tony Benn is right to move an amendment to the "humble address to the Queen" expressing pleasure at the constitutional freedoms guaranteed by the Glorious Revolution. They are in fact inadequate freedoms, based on an anachronistic appreciation of an historic event. Mr Benn's likely amendments are part-sensible and part-dotty, but that is no matter. He is to be given credit for paying attention to the issue. The Social and Liberal Democrats may be forgiven for not doing so, since they are totally absorbed in choosing a new leader for themselves. The Labour leader, Mr Neil Kinnock, seems to have missed a once-in-a-century opportunity, which says much for the depth of his present thinking.

All of the above is probably alien to most contemporary British political discourse. That centres around creating wealth; there is also much argument as to its disposal. Thatcherism leaves little room for discussion of much else, and none of the opposition parties has shown any ability to fill the gap. There is no long-run satisfaction in this. If we are always to be governed by Philistines, how can we not become a nation of yobboes?

Lombard

Lack of logic in severance pay

By Clive Wolman

IT IS POSSIBLE that Sir Robert Crichton-Brown's contribution to Rothmans International as its executive chairman was so outstanding that his £750,000 severance payment, proposed on Tuesday July 5, is no more than a reasonable top-up to his £900,000 salary payments over the last three and a half years.

It is possible that the massive severance payments to two Kleinwort Benson directors, to Sir George Jefferson of British Telecom, or to Sir Peter Graham of Standard Chartered - all recently disclosed — were equally necessary. Quite apart from any other factors, their middle managers need reassurance — so the argument goes — that they will be treated generously at the end of their careers even if they leave office prematurely.

But there is a less sympathetic toterpretation. This is suggested by recent economic literature appearing under the rather grand title of "agency theory", which boils down to the view that if you get other people to do a job on your behalf you need to tie them down and watch them closely.

The trouble with monitoring the executives of the typical UK public company is that the ultimate owners, mainly the beneficiaries of pension and life insurance funds, have to rely on the competence and motivation of several layers of intermediaries and agents — trustees, investment managers and company boards — to monitor the corporate executives.

Non-executive directors on remuneration committees often argue that they spend many long hours (often with the help of consultants) seeking to assess the performance of top executives and to devise an appropriate incentive structure. But deciding how much an executive is adding to the long-term profitability of a large company is an impossibly subjective task.

The largest strategic investment decisions are commonly assumed to be the area in which top executives exert the greatest influence on their company's performance. Yet a detailed three-year "fly on the wall" study by the London Business School, of how such decisions are made in three large UK companies, suggests that the value added by the top executives to such decisions — if any — is in subtle, indirect ways. It is difficult to believe that the non-executives on the remuneration committee ever analyse individual performance in this depth; and even if they did, the conclusions would be unclear. *Instead the committees follow* fashions. In the 1980s the fashion has been for soaring pay increases, well ahead of other sectors of the population, for top managers. The underlying economic rationale for this is unclear.

But the most serious criticism is not that the overall managerial pay levels are so high, but that they are so secure. Even the mass of executive share option schemes introduced across British industry since 1984 has been devised primarily to minimise tax rather than maximise incentives.

And payments to executives who are resigning or retiring can have no effect on incentives except to the extent that they give signals to those further down the organisation about how they will be treated, an effect which Mr Philip Burnford, of Hay Management Consultants, believes is weak. There is a strong suspicion that severance money is often used, although not in the five cases mentioned above, by naturally sympathetic fellow directors to ease out their colleague in a quiet and painless manner.

It is possible that the spate of well-publicised high severance payments reflects the increasing number of executives being "severed" — which itself suggests a move towards more performance-related incentives. But it would at least create the impression of more objectivity if outsiders (for example the consultancy arm of the company's auditors) were asked to devise and report directly to shareholders on severance terms.

Letters to the Editor

'Europe is our prime care'

From Mr Nick Wright.

Sir, Shortly after reading Edward Mortimer's article about European frontier controls (July 5), I read the following passage from Winston Churchill's The Second World War, Volume IV, The Hinge of Fate, which covered the same subject, and that of our future relationship with the United States.

The following extracts, I believe, fairly reflect the whole minute:

"Prime Minister to Foreign Secretary, October 21 1942 . . . I must admit that my thoughts rest primarily in Europe — the revival of the glory of Europe, the parent continent of the modern nations and civilisation. . . . Hard as it is to say now, I trust that the European family may act unitedly as one under a Council of Europe. I look forward to a United States of Europe in which the barriers between the nations will be greatly minimised and unrestricted travel will be possible. I hope to see the economy of Europe studied as a whole. . . . Of course we shall have to work with the Americans in many ways, and in the greatest ways, but Europe is our prime care . . ."

It is a shame that Mrs Thatcher, who appears to admire so much in Winston Churchill, does not share his vision of Europe. (Which vision, incidently, extended far further than the present boundaries of the European Community.)

Nick Wright,
6 Wayne Close,
St Peters,
Broadstairs, Kent

Contract compliance is very much alive

From Mr John Carr.

Sir, In "Ulster's employment balancing act" (July 1) Tom Lynch repeated a simple but important factual error which the Government has been putting about until quite recently.

Contract compliance has emphatically not been outlawed in England, Scotland or Wales. It is still very much alive. As far as race relations matters are concerned, companies can expect to be asked to supply broadly the same sort of information as they were being asked for before the Local Government Act, 1988.

The position is more complex on sex equality and equality for people with disabilities but, in essence, companies can still expect to have to supply information about their *hiring and firing* policies and practices.

John Carr,
County Hall, SE1

Clouds over the UK

From Mr James Ogilvy-Webb.

Sir, Frank Blackaby is right (Letters, July 2). The problems of the British economy cannot be dealt with simply by interest rate adjustments. But can they be *dealt with hy any macro-economic adjustments?*

Regular readers of the Financial Times will know that, compared with our competitors, we have suffered for many years from an old fashioned economy and, indeed, a rather old fashioned society. This Government has tried to change things by promoting market economics, by permitting a consumer boom and by privatising public enterprise. The shock to tha system may have done good to some sleepy firms; in the short term it has provided an increase in the supply of goods and services to some of those in paid employment.

But the consequent inflation now developing reminds one too much of other dashes for growth tried out, in the past, by the late Reginald Maudling, the late George Brown, and hy Mr Edward Heath. Each time it was found that the economy could not expand without inflation, because industry had not previously prepared for expansion of output, still less improved its general efficiency with a view to a successful export drive.

On this occasion the Government is relying on competition, but most of its energy has gone into privatisation or in *helping* private firms by giving them advantages, such as paying for training their workers. Helping firms in this way casts doubt on their own capacity when left to themselves.

It is difficult to detect the advantages to be derived from privatisation — except for the privatised enterprises themselves, which have been free to pay themselves higher salaries. No doubt British Telecom was technologically rather backward, owing to the Treasury's restrictive control of its investment, but you, Sir, never tire of telling us about the backwardness of the private British electronic industry.

As for electricity generation and distribution, the results of privatisation will raise the costs of power to the consumer without any observable advantages. Naturally the area boards are enthusiastic at the prospects of "freedom," which will improve the standard of living of management, at the expense of the public. If the object of the exercise is to reduce reliance on British Coal, this could be achieved at the stroke of a pen without any other changes — but the pen would have to he wielded hy someone who would then be responsible.

The efficiency of public enterprise is also being reduced by *pretended economies. The decisions* to squeeze the subsidies to British Rail and London Regional Transport are ahsurd, particularly in view of the huge exchequer subsidy still provided for company cars. This attitude to public transport makes us the laughing stock of Europe, where the need to maintain and improve the economic infrastructure for the benefit of all, including business, is well understood. The King's Cross disaster is only a small harbinger of the final results.

The *fact is that an efficient* economy requires a substantial set of institutions in which the terms of reference and the personnel are devoted to the public interest. This cannot be achieved by exclusive government emphasis on individual enrichment and personal aggrandisement.

As a retired Treasury official, I am well aware of the defects of the central government machine; and I have current experience of the weakness of local government. But these defects cannot be remedied by trying to turn officials into business people — partly because husiness is not much of an example; partly because, as other more successful countries are aware, strategic decisions about the economy should not be taken by those who are concerned (quite properly) in maximising the success of their own firm or industry. Lord Rayner may be able to tell a government department how to conduct its own activities at a lower cost, but this is not the principal function of advisers on policy.

The future of the British economy therefora depends not merely on aggressive salesmanship and private initiative, but also on long term and devoted work in the back room. Above all, some understanding by Government is required of the true nature of national efficiency, which is to be measured by the extent to which the growth in total benefits, for the public generally, exceeds the growth of real costs.

This will not be achieved by privatisation of nationalised industries, nor by the pathetic expedient of putting playing fields out to tender.

James Ogilvy-Webb,
Public Enterprise Group,
3 Rokeby House,
Lamb's Conduit Street, WC1

Value for money in the NHS

From Mr John Gretton.

Sir, Peter Oppenheimer protests too much (Letters, June 29). Consultants may well be all that he cracks them up to be, and every non-medical employee of the National Health Service (NHS) as little deserving of consideration as he implies, though I have my doubts.

But consultants are not gods, all equally endowed with high ideals, an unswerving and selfless devotion to duty, and the ability consistently to put the interests of the NHS as a whole — its staff, its patients, and its taxpayers — before those of themselves, their speciality or their profession.

Until that state of affairs comes to pass, some form of accountability is necessary. If performance indicators are as useless for this purpose as Mr Oppenheimer claims (and for all I am competent to judge, he may well be right) then some other way must be found. The suggestion of value-for-money renewable contracts seems as good a starting point as any.

John Gretton,
25 Leylands,
Viewfield Road, SW18

Copyright agreement could be revised

From Mr Jan Harrington.

Sir, If the Berne Convention, the international copyright agreement, places demands on the signatory governments which are impractical to enforce and provide minimal benefit to those who seek to be protected, then it should be changed.

If it cannot be changed, then signatory governments which recognise the impossibility of preventing home taping of copyright television programmes should formally withdraw from the convention — and perhaps join forces in a revised convention which would recognise that home taping is not a process that can reasonably be regulated, either in terms of a prohibition or a demand that tapes be erased after a short period.

Those who feel that this cheats the copyright owner out of royalties should urge copyright owners to charge more for the privilege of broadcasting their product. This would recoup an amount equal to the prior royalty, plus the amount they might otherwise have expected to get from later sales or rentals that will not now take place — because of home copying.

Jan R. Harrington,
PO Box 746,
New York City,
USA

FINANCIAL TIMES

Friday July 8 1988

Roger Matthews examines the Malaysian premier's attempts to tighten his grip on power

Mahathir struggles to contain political crisis

THE SUSPENSION of five supreme court judges in Malaysia on Wednesday provided the clearest evidence to date that the 18-month-old political crisis is threatening the very fabric of democratic rule.

The previous weekend, Dr Mahathir Mohamad, the embattled Prime Minister, had already raised the political temperature when, for the first time in public, he referred to talk of a military coup. He warned unspecified people, allegedly spreading such rumours, that firm action would be taken against them.

The rumours stemmed from speculation that Dr Mahathir was preparing to arrest his arch political rival within the Malay community, Tunku Razaleigh Hamzah. The former trade and industry minister was narrowly defeated in the unprecedented leadership contest with Dr Mahathir in April 1987.

Some of Tunku Razaleigh's supporters are alleged to have said that if he was arrested, some army generals would be ready to move against the Prime Minister.

The United Malays National Organisation, which has dominated the country's political life since independence in 1963 is fundamental to the stability of the nation.

Since the start of the leadership battle for control of the party, Dr Mahathir has sought to tighten his grip on power, a path which has brought the Government into a deepening conflict with the judiciary.

The first flashpoint came in February when a judge was asked to rule that the April 1987 UMNO elections were invalid because 30 branches had been unregistered.

On the basis of an agreed statement of facts, the judge promptly ruled that the UMNO itself was an illegal organisation – an action comparable to ruling the US Republican Party out of existence.

Instead of taking the jodgment to appeal, Dr Mahathir and his colleagues decided to form a new UMNO, which might allow them to exclude the more hostile elements of the old party, such as Tunku Razaleigh, whose applicatioo to form an UMNO lookalike party had been rejected.

However, Tunku Razaleigh supporters who had brought the original court action decided to go to appeal in a bid to reverse the original judgment and get the old UMNO reinstated.

The hearing, expected to take place before nine supreme court judges, had been scheduled for June 13. On May 26 the head of the judiciary, Lord President Tun Mohammed Salleh Abas, was suspended and the hearing postponed.

The charges against the Lord President, published nine days later, accused him of a variety of offences including the undermining public confidence in the Government during public speeches, being prejudiced against the Government and "showing lack of dignity and judicial propriety."

A six-member tribunal was set up to hear the charges, comprising four retired or current Malaysian judges and one each from Singapore and Sri Lanka. The panel's composition drew immediate criticism from the Malaysian bar council.

It pointed out that the tribuanl was to be chaired by the judge who was next in line to succeed the Lord President and that one of its members had been a supreme court judge for only 12 months, 17 years ago. The latter now had extensive business interests some of which were the subject of court hearings.

Left: Star newspaper celebrates the end in March of a ban under press laws; Above: Tunku Razaleigh. Dr Mahathir's arch-rival

Nonetheless the tribunal went ahead last week in the absence of the Lord President and his counsel who refused to attend. On Saturday, counsel for the Lord President made an emergency application before five judges of the Supreme Court to have the work of the tribunal suspended, arguing that it had been improperly constituted.

The court granted an interim stay of proceedings against the tribunal. Four days later the five judges who had granted it were suspended. They were accused of "actions which do no reflect the impartiality that goes with the post of a judge."

The Malaysian Supreme Court has thus been reduced to four judges from 10 at the start of last month.

Dr Mahathir said yesterday that the functions of the court would not be affected as "eventually" new judges would be appointed.

Members of the Bar Council who expressed their "shock, concern and dismay" at the suspensions were yesterday planning to wear white armbands as a sign of protest. But the tribunal hearing the accusations against the Lord President said it would resume tha deliberations suspended after Saturday's Supreme Court ruling.

Although the deepening of the clash between the executive and the judiciary has shocked many Malays, including some who have joined Dr Mahathir's new party, it should be seen as part of an increasingly predictable pattern of events which has developed over the past year.

In October, the authorities arrested 120 people under the Internal Security Act which provides for indefinite imprisonment without trial. They were accused of stirring up racial tension and included some of the Prime Minister's fiercest critics.

Some 40 are still in detention, among them the leader of the Chinese opposition party and other MPs.

Press laws have been ferociously tightened. There is now a mandatory one-year jail sentence for any journalist publishing news deemed likely to inflame public opinion.

A similar one-year mandatory sentence can be imposed on anyone being in possession of an official secret. Newspapers have to apply annually for a printing licence.

The police have been given wider powers to ban meetings, including those being held in private homes. Constitutional amendments have removed some traditional judicial functions and passed them to the executive.

Most recently, and most alarmingly, the citizen has lost his right to a habeas corpus application if the detention has been made under the Internal Security Act. It is possible to be jailed for life, without trial and without any form of legal challenge.

Dr Mahathir has argued that this legislation was needed to protect the country against ill-intentioned factions seeking to create tension between the racial communities. He describes his Malay political opponents as power-hungry opportunists motivated by purely personal ambitions.

Whatever the substance to any of these accusations, the results have been to divide the Malay community from top to bottom; from the hereditary sultans of the Malay states to the grass-roots.

Since the 1969 riots, caused by a fear among the Malay population – just over 50 per cent – that they were losing their grip on political power, the Chinese (35 per cent) and the Indian community (9 per cent) have accepted the necessity for Malay political dominance.

But it was a dominance based on intra-Malay consensus and compromise. Now that the consensus is broken the Malay fractions have become smaller than the other racial minorities and the Malays could again begin to feel politically vulnerable.

Some Malay leaders have recently, if privately, been voicing their concern over decisions by Malay MPs opposed to Dr Mahathir to resign their seats and fight by-elections.

The first is scheduled for next month when Malay will be campaigning against Malay on the streets of Johore Bahru, just across the causeway from Singapore.

It cannot be a prospect which pleases any Malaysian. Apart from the risk of physical confrontations inherent when former friends are forced to take sides against each other, there is also the danger that increasing numbers of disillusioned Malays will turn to tha Party Islam.

However, if – as it appears – Dr Mahathir has ruled out the possibility of conciliation with his opponents, then he may find that he has no alternative but to advance further down the present road.

THE LEX COLUMN

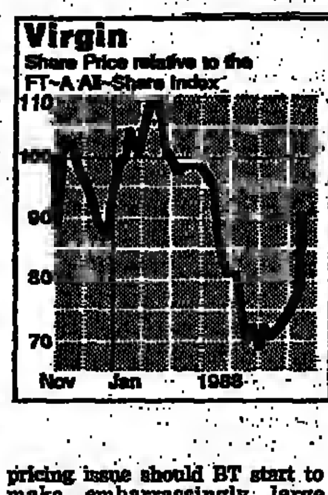
Branson's bid for privacy

The uncharitable view of Virgin's plan to go private is that Mr Branson, finding his charm wasted on the hard faces of the City, is taking his bat home in a huff. There may be a touch of that, but there are serious issues too: whether the market is denying itself access to entrepreneurs by refusing them time to develop; why others are willing to back Mr Branson when the stock market is not; and indeed, whether Virgin's shareholders are being taken to the cleaners.

In a sense, of course, the shareholders are free to choose. They will pretty certainly be offered the 140p they paid for the shares 18 months ago, which is 40 per cent more than they thought they were worth yesterday morning. Virgin will thus have enjoyed an exceptionally cheap loan over the period; but if shareholders object, Mr Branson could presumably reply that they are entitled to see their shares back at 90p if they prefer.

And indeed, Mr Branson could make a case against the market. He has issued almost no paper since the flotation, and the £100m or so he has spent on developing the business has largely been on start-up ventures which have come straight through the profit and loss account. Had the money been spent more flashily, on acquisitions, the City might well have applauded; but though it is apparently permissible to dilute earnings per share in a good cause, the same is not true of pre-tax profits.

The great irony is that whether the buy-out is done for debt or equity (and it could apparently be either), it will probably find takers among the same institutions which spurned the shares in the open market. Irrational though it may be, the fact is that while a fund cannot afford quarterly underperformance in quoted shares, long-term venture capital is another matter. The October crash removed many of the benefits of being public, and none of the drawbacks. If Mr Branson sets a fashion among entrepreneurs, the market will be the loser.



British Telecom

Although the market evidently did not think so yesterday, Prof Carsberg has surely let British Telecom off lightly. He could easily have extended the tariff formula to cover international services, cracked down on line rentals, or worse still, could have threatened to review the whole pricing issue should BT start to make embarrassingly large returns before the four year life of the agreement is out. Instead, BT has got away with a routine caution about the quality of its service, and suffered a manageable increase from 3 to 4.5 per cent in the X factor. Moreover, the whole has been achieved quietly, without attracting the bothersome notice of the MMC. The worst news in yesterday's announcement is the separate price cap to be negotiated for private circuits, but given the scarcity of competition in that market, and the scale of recent price rises, some action seemed inevitable.

Instead of being relieved, the market was disappointed that the X factor was not half a point lower. On the back of an envelope it worked out that the difference to profits was about £25m, which it judged worth 4p off the share price. However, these sums ignore the spare profitability that BT must have up its sleeve, after having kept its profits down while the formula was under review. Last year it increased its profits by 11 per cent, even after its efforts to bump up its work force and change to a new ultra-conservative depreciation policy. Shareholders, it seems, have little to fear; assuming, of course, that British Telecom can reach a satisfactory arrangement on pay with its workforce as with its regulator on prices.

MFI

It would be a feeble management indeed which could not ensure that the first results after a buy-out look substantially better than the last figures turned in as a public company. Operating profit up 55 per cent, though, is a success of a different order. If anything, MFI seems to have been trying to make things look worse rather than better; the company included in yesterday's results an extra £1.5m in interest payments which could have been put off until later, no doubt with an eye to the progression of profits as the management prepares to take MFI public again. And, however circumspect Mr Derek Hunt's assurances about coming to the market a distant 3½ years from now, yesterday's results must make it likely that the event will take place sooner rather than later.

It is suitably ironic that perhaps the main bull point in yesterday's presentation – the link-up with Hygena, which allowed a leap in margins as MFI pushed extra volume through its supplier to increase capacity utilisation – was considered one of the principal bear points at the time of the buy-out only six months ago. There may be little precedent for successfully combining retail and manufacture, but it is hard to quarrel with the kind of benefits MFI has reaped, at least so far.

The danger is that the MFI/Hygena link increases the cyclical character of the business: the volume gearing effect works both ways, and could have a significant negative impact when retail sales per square foot stop surging forward. For the moment, though, that is a distant scenario; MFI seems to have done remarkably well at convincing customers that it has transformed itself from a cheap and nasty discounter into something more high-brow. Asda's decision to keep a 25-per cent stake in the business looks to have been a good move.

US markets

There is doubtless every reason for farmers in the US midwest to find the weather report of compulsive interest at the moment, but it is much less easy to understand why the American stock and bond markets should care about bone-dry skies over Iowa. If anything, the drought has highlighted the absurdity of their obsession with the US Commodity Research Bureau index, with its bias towards grains and away from commodities which have a truly significant impact on inflation. Good or bad, at least today's employment figures and next week's trade figures will give the markat something sensible to focus on.

Stoltenberg defends modest cut in deficit

BY DAVID MARSH IN BONN

MR Gerhard Stoltenberg, tba West German Finance Minister, yesterday stepped in to defend his political credibility after presenting budget plans for the next few years projecting only a slow reduction from this year'a expected DM39.2bn ($21.5bn) budget deficit.

Speaking after the cabinet approved plans to boost federal spending 4.6 per cent to DM288.2bn next year, he termed as "tolerable" a compromise on reducing the deficit to DM32bn next year, above all through higher consumer taxes.

At the beginning of the year Mr Stoltenberg said be would reduce tbe 1989 deficit by DM10bn compared with this year. He admitted yesterday he had failed to achieve the necessary cuts in subsidies which would have enabled him to reach the target. Spending has been blown off course by an extra DM2.5bn in regional aid next year and an additional DM3.3bn in spending on unemployment pay.

The rise above earlier expectations of projected deficits in coming years clearly damages not only Mr Stoltenberg'a credibility but also the financing basis of the 1990 tax cut bill, which is due to be approved finally by the Bundesrat today.

The federal deficit is expected to rise again to DM36bn in 1990 because of the income tax cuts and then decline to DM34bn in 1991 and DM29.7bn the year after. Finance Ministry projections a year ago, which also took into account the 1990 tax cuts, put the 1990 deficit at DM30.9bn, falling to DM26.1bn in 1991.

The Government is levying an extra DM8bn next year through higher taxes on oil, tobacco and insurance, as well as a new tax on household and industrial gas supplies. Mr Stoltenberg confirmed yesterday that the gas tax – which has been severely criticised by the gas industry and consumer representatives – will not apply to gas used as a feedstock in the chemical industry.

Bonn is also relying on a payment of DM5bn in profits from the Bundesbank next year. This year it saw revenues from the Bundesbank practically wiped out as a result of last year's dollar depreciation-induced write-down of the bank's foreign exchange reserves.

Mr Stoltenberg held out hopes that the deficit this year could turn out to be lower than projected if tax revenues maintained their buoyancy as a result of better than expected economic growth. The Government was now expecting 2.5 per cent growth for 1988, up from its forecast 1.5-2 per cent in January.

None the less, the Government's spending is being driven up by failure to control subdisies. Financial credits for agriculture and industry will rise next year to DM16.8bn from DM15.1bn this year.

Editorial comment, page 14

Takeshita aide named in share scandal

BY IAN RODGER IN TOKYO

AN AIDE of Japan's Prime Minister was yesterday named in a growing scandal over windfall profits made by highly placed political officials on a stock market flotation.

Mr Ihei Aoki, a long-serving assistant of Prime Minister Noboru Takeshita was the latest in a series of aides of leading Japanese politicians who have been named as making made big profits on share sales following the stock market flotation of a small property company in 1984.

Mr Takeshita said that the news of the involvement of his aide, was "not good." He also feared that the growing scandal would affect debates on tax reform which are due to start at a special session of Japan's Diet (parliament) later this month.

Political analysts in Tokyo said, however, that the affair was unlikely to cause serious damage to the Takeshita Government in the short term, given the previous examples of questionable financial dealings in some areas of Japanese public life.

However, they felt it would add to growing resentment among the vast majority of the people who have not shared in the benefits of Japan's booming financial markets in recent years.

It may lead to an acceleration of the Government's so-far muted efforts to crack down on insider stock trading and conflicts of interest in public life.

Allegations emerged earlier this week in a leading Japanese newspaper, Asahi Shimbun, that aides to Mr Kiichi Miyazawa, the Finance Minister, to Mr Shintaro Abe, the secretary general of the ruling Liberal Democratic Party (LDP), and to Mr Yasuhiro Nakasone, the former Prime Minister, had been given the opportunity to buy shares in a property company, Recruit Cosmos, before its stock market flotation two years ago.

They subsequently made large profits on the sale of the shares.

Most of the aides have confirmed the allegations.

Mr Ko Morita, president of the Nihon Keizai Shimbun, Japan's leading business newspaper, who was also named as a beneficiary of the scheme, has resigned. Mr Hiromasa Ezoe, chairman of the Recruit group, has also stepped down, regretting that his actions in offering Recruit Cosmos shares to the select group, had "disturbed society."

IRI orders Nordio to quit as chairman of Alitalia

BY ALAN FRIEDMAN IN MILAN

MR UMBERTO NORDIO, the embattled 69-year-old chairman of Alitalia, was last night being forced out of his job in an extremely unusual move by IRI, the state holding concern thet has majority control of the Italian state airline.

Mr Nordio was expected to resign after IRI released a terse 10-line communiqué in which it said that, after a review by the executive committee of IRI of relations with Alitalia, the committee had decided that "Mr Nordio no longer enjoys the confidence on which his mandate is based." An IRI spokesman explained that this meant that IRI had decided to dismiss Mr Nordio.

Calls for the resignation of Mr Nordio have mounted in recent days, with the Socialist and Communist parties demanding the Alitalia chief's head during the past 24 hours. The writing was clearly on the wall yesterday when former Socialist Prime Minister Bettino Craxi was quoted saying that "the air transport sitnation bas become absolutely unsustainable."

Last week it emerged that Mr Nordio had come under unprecedented fire from IRI for Alitalia'a poor service. Professor Romano Prodi, IRI chairman, has accused Mr Nordio of presiding over an airline with "a myopic management" and "reactionary policies."

The IRI chief, reflecting the views of many long-suffering Alitalia customers, said the passengers were facing a "desperate" situation because of the airline's chronic delays and inefficiencies. Aides to Prof Prodi have said that Alitalia will be vulnerable to more efficient foreign airlines after 1992, should they decide to compete on domestic Italian routes.

Iran stresses restraint over airliner disaster

Continued from Page 1

Going on to the question of hijacking, in which Iran has also been accused of having played a role – most recently in the seizure of a Kuwait Airways jumbo jet in April – he said: "Hijacking is also condemned in the world. But to do a hijacking is different from shooting down an aircraft. Hijacking is only fear; shooting down an aircraft kills people and sheds blood."

By mentioning the subject of terrorism, the President appeared to be urging Iran'a supporters elsewhere in the Middle East against taking any precipitate revenge against US interests for the airliner tragedy. Mr Khamenei's only oblique reference to retaliation came when he said Iran had a "right to judge what they will do towards the US wherever it likes."

Yesterday's speech underlines the importance of the UN Security Council meeting, which will mark the end of a 6¼ year boycott of the UN body by Iran. While concentrating its rhetoric against the US, Iran's real aim is to relaunch a dialogue with the UN Secretary-General aimed at securing international condemnation of Iraq for starting the Gulf war.

There is considerable sympathy for Iran's present predicament among western diplomats in Tehran. They predict that the US will do as much as it can to encourage the recent signs of moderation in Iran, and to this end will ofer to pay compensation to the families mourning Sunday's dead.

In a surprisingly subdued reference to the Baghdad regime, without mentioning the Iranian hate-figure of President Saddam Hussein by name, Mr Khamenei said: "If these kinds of government were to go, it would be better for the peoples of the world."

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Dubrovnik	C	23	73	Malta	S	39	102	Rhodes	S	34	93
Algiers	F	28	82	Edinburgh	C	16	61	Manchester	C	15	59	Rio de J'o	F	31	87
Amsterdam	C	17	63	Faro	S	23	73	Manila	C	32	90	Rome	F	36	97
Athens	C	42	108	Florence	S	30	86	Melbourne	C	16	61	Salzburg	S	25	77
Bahrain	F	41	106	Frankfurt	C	21	70	Mexico City	C	25	77	San Francisco	F	27	80
Bangkok	F	35	95	Funchal	C	20	68	Miami	C	30	86	Seoul	C	29	84
Barcelona	S	26	79	Geneva	C	20	68	Milan	S	28	82	Singapore	F	31	88
Beirut	-	-	-	Gibraltar	S	27	81	Montreal	C	28	82	Stockholm	F	22	71
Belfast	C	14	57	Glasgow	C	15	59	Moscow	F	27	81	Strasbourg	F	22	72
Belgrade	S	33	91	Guernsey	F	15	59	Munich	F	21	70	Sydney	F	20	68
Berlin	F	21	70	Helsinki	C	22	72	Nairobi	C	21	70	Taipei	C	36	97
Biarritz	F	22	72	H Kong	F	32	90	Naples	S	32	90	Tangier	S	23	73
Bombay	F	30	86	Innsbruck	F	24	75	Nassau	C	26	79	Tel Aviv	S	32	90
Bordeaux	C	20	68	Inverness	F	17	63	New Delhi	R	33	91	Tenerife	S	25	77
Brussels	C	20	68	Islamabad	-	-	-	New York	C	33	91	Tokyo	C	30	86
Budapest	S	28	82	Istanbul	F	32	90	Nice	S	26	79	Toronto	C	35	95
B Aires	F	10	50	Jakarta	C	33	91	Nicosia	F	39	102	Tunis	S	33	91
Cairo	F	39	102	Jersey	F	17	63	Oporto	F	17	63	Valencia	S	27	81
Cape Town	F	18	64	Jo'burg	F	19	66	Oslo	R	24	75	Venice	S	29	84
Caracas	C	26	79	Lima	C	18	65	Paris	C	23	73	Vienna	F	26	79
Casablanca	F	22	72	Lisbon	C	22	72	Peking	S	26	79	Warsaw	F	27	81
Chicago	C	37	98	London	C	19	66	Prague	F	18	64	Washington	F	27	81
Cologne	F	21	70	Los Angeles	F	30	86	Reykjavik	F	13	55	Zurich	T	21	70
Copenhagen	F	21	70	Luxembourg	R	17	63								
Corfu	S	42	108	Madrid	F	23	73								
Dallas	C	23	73	Majorca	F	27	81								
Dublin	R	18	64	Malaga	S	27	81								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Voters dent monopoly

Continued from Page 1

states of Veracruz, Chihuahua, Michoacan, Oaxaca, Guanajuato and Sonora, in all of which the PRI was under strong challenge. The ruling party by 5pm yesterday had reported 214 incidents, "none of them worthy of mention," according to one PRI spokesman.

Mr Clouthier, by contrast, described them as "the most vulgar fraud in the history of Mexico," while Mr Cardenas alleged the PRI was "intent on massiva fraud, at any cost."

Both opposition leaders were expected to announce their own vote projections yesterday afternoon, which seemed unlikely to coincide with the preliminary results the Federal Electoral Commission headed by Mr Bartlett was due to start releasing almost simultaneously.

Mr Bartlett challenged the opposition to prove its accusations, "one by one."

This line of defence will not of itself, however, resolve the political conflict created by the elections, or deter the opposition from trying to make a lame duck of Mr Salinas even before he takes office in December.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday July 8 1988

NCNB to make bid for troubled First Republic

BY ANATOLE KALETSKY IN NEW YORK

NCNB, the rapidly growing US regional banking group, has made a formal proposal to acquire First RepublicBank, the Dallas-based institution which had to be rescued by the Federal Government in March.

NCNB, a well-regarded bank based in Charlotte, North Carolina, which has tripled its asset base to $29bn in the last seven years, is the second possible contender to take First RepublicBank, which has $35bn in assets, off the Government's hands.

Citicorp, the biggest US bank, confirmed last month that it was preparing a bid for the insolvent Texas group, which has been kept afloat since the spring with the help of billions of dollars of overnight money from the Federal Reserve Bank of Dallas and a six-month loan from the Federal Deposit Insurance Corporation.

However, both NCNB and Citicorp have made clear that they would insist on massive government payments before contemplating a takeover of First RepublicBank (which is not related to First Republic Bancorp of San Francisco).

NCNB said yesterday that its proposal would involve it in no exposure to "First RepublicBank's asset quality problems" and would "not be dilutive of NCNB's shareholders."

Both the NCNB and Citicorp plans would probably require the FDIC to buy up First RepublicBank's bad and doubtful assets at a discount and liquidate them for the best price it could get.

The FDIC would also have to inject new capital into the "cleaned-up" First RepublicBank. Negotiations with the FDIC are expected to centre on the level of this cash injection and the share of assets and liabilities to be taken over by the FDIC.

The FDIC has indicated that, in addition to the Citicorp and NCNB proposals, it is considering a bid from the new management at First RepublicBank itself. No decision is likely to be made until the autumn at the earliest.

Whatever restructuring is agreed, the FDIC is expected to insist on diluting virtually to zero the interests of First RepublicBank's present shareholders and unsecured lenders.

Ian Rodger charts the course of a wave of corruption in Japan

Share scandal pulls in new recruits

THE JAPANESE people have heen remarkahly tolerant of financial corruption in the country's public life in the past.

Bribes and payoffs have been part of the normal course of business here – the Japanese talk of gifts and hospitality – for decades, reaching something of a nadir in the early 1970s when former Prime Minister Kakuei Tanaka accepted a $2m hribe from Lockheed of tha US.

However, that tolerance may wear thin after this week's revelations of associates of leading politicians and other prominent figures making huge profits from secret share dealings. At a time when the ordinary man in Tokyo can no longer aspire to saving enough money to buy his own home, it must be disturbing to see others making windfall gains in exchange for little or no effort.

The current case has its roots in the decision by a publishing tycoon, Mr Hiromasa Ezoe, in 1984 to take advantage of the buoyant conditions in the Tokyo stock market and float off a property subsidiary called Recruit Cosmos.

Before floating it, Mr Ezoe, who was ranked last year as the 31st richest man in Japan, with assets of Y31bn ($233m), offered large blocks of shares to a select group of business and political friends at nominal prices. The Recruit group's finance subsidiary even provided loans for those who needed them to make the purchases. The shares duly soared after the 1986 flotation and some purchasers sold immediately, making huge profits without having put up a penny.

There was nothing illegal in this operation and, like many other financial deals, it might never have come to light had it not been for an investigation by a leading Japanese newspaper, the Asahi Shimbun, into land development practices in Kawasaki city, near Tokyo.

From that investigation, it emerged, first, that the deputy mayor of Kawasaki, who was in charge of development, had given preferential treatment to a Recruit Cosmos project and that, second, the deputy mayor had been one of those to benefit from the Recruit Cosmos share issue. The deputy mayor has since been fired.

This week, the identities of other beneficiaries of the Recruit Cosmos share issue have come out. They inclnde close associates of Mr Noboru Takeshita, the Prime Minister, of Mr Kiichi Miyazawa, the Finance Minister, of Mr Shintaro Abe, secretary general of the ruling Liberal Democratic Party, and of Mr Yasuhiro Nakasone, the former Prime Minister, and other top government figures.

Mr Ko Morita, the president of the Nihon Keizai Shimbun, the leading Japanese business newspaper, has resigned following reports that he too purchased shares.

Analysts point ont that the case reflects a number of new trends in Japanese corruption. For one thing, the locus of corruption has moved from the industrial sectors to the financial ones. Politicians and officials have realised that operators in Japan's booming financial markets are now a much more potentially fruitful source of funds than hard pressed manufacturers.

"Given the speed of growth of the financial sectors, it is natural that politicians have found new sources of funds there," says Mr Takashi Inoguchi, an assistant professor at the Institute for Oriental Culture at the University of Tokyo.

A leading Japanese banker found this a worrying trend. Industrial hribes were usually focussed on a specific contract or purchase. Bribes from financiers often envisaged more general influence over politicians and officials, he said.

Corruption also seems to have grown in scale. One of the political assistants implicated appears to have made the equivalent of £500,000 (Y120m) from a single transaction in Recruit Cosmos shares. Observers suspect there are many other deals similar to the Recruit Cosmos one going on. "This is probably just the tip of the iceberg," one banker said yesterday.

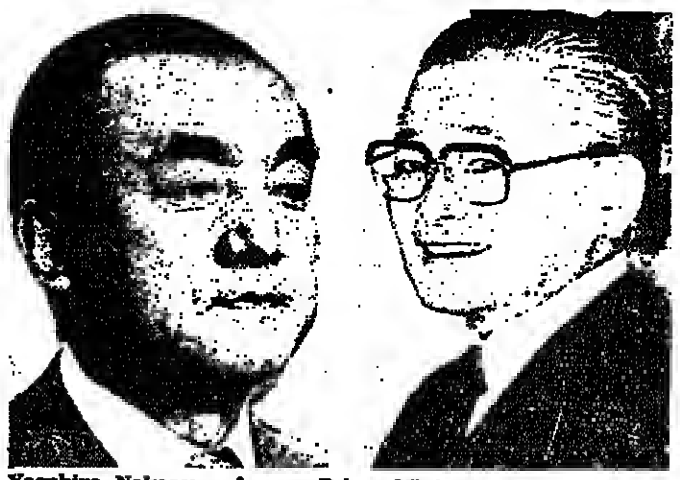
It is certainly noticeable that more scandals are coming to public notice. Already this year, four major bribery affairs have come to light, involving both LDP and Opposition politicians and prime ministerial assistants.

This suggests that an undercurrent of resentment and envy is building up in this society. People who have not benefited from backhanders or inside stock market tips – and they are still the vast majority – seem to have become more willing to shop those who have.

"There seem to be more informants around these days," one political analyst said yesterday. "People are getting more money minded."

Analysts doubted that the Recruit affair would hurt the Takeshita Government in the short term. However, one suggested that it would probably stiffen the opposition's determination to press for a substantial capital gains tax on share transactions in the tax reform debates that will start later this month.

Mr Inoguchi said he hoped the incident would accelerate the Government's plans to put regulations on political donations and to tighten up insider trading.



Yasuhiro Nakasone, former Prime Minister (left) and Prime Minister Noboru Takeshita

General Mills rises 16%

BY OUR FINANCIAL STAFF

GENERAL MILLS, the US foods, restaurants and speciality retailing group, yesterday reported a 16 per cent rise in fourth-quarter net operating earnings and said it expected record financial results in fiscal 1989.

The Minneapolis-based concern said net earnings from continuing operations for the quarter ended May 29 were $47.8m, or 57 cents a share, against $41.1m or 47 cents.

In the latest period, net from discontinued operations of $7.1m made final net $54.9m or 65 cents.

In the year-ago quarter, a loss from discontinued operations of $5m reduced final net to $36.1m or 41 cents. Sales rose $1.3bn from $1.23bn.

The company "is off to an excellent start toward achieving another year of strong financial performance with record sales, earnings and earnings per share," Mr Bruce Atwater, chairman, said.

Full-year operating earnings for fiscal 1988 were a record $265.4m or $3.05 a share on sales of $5.18bn.

BNY to extend offer for rival Irving Bank

BY OUR NEW YORK STAFF

BANK OF NEW YORK yesterday said it would extend its hostile offer for Irving Bank, following its victory on Wednesday in a legal ruling on Irving's poison pill defences.

BNY said it had applied to the Federal Reserve Board for a 60-day extension of the merger deadline which had originally been due to expire at the end of this week.

Irving, however, reacted calmly to BNY's court victory, saying it would appeal against Judge Herman Cahn's decision to issue a preliminary injunction against its so-called "flip in" poison pill arrangement.

This would have allowed Irving shareholders to buy $400 worth of stock for only $200 in the event of a hostile takeover and was held by Judge Cahn to be a violation of New York state corporate law.

Irving went on to point out that Judge Cahn had specifically upheld the application of its other major legal defence against a hostile bid – the New York State anti-takeover law. This would make it impossible for BNY to effect a legal merger with Irving for at least five years.

Irving's shares remained unchanged at $70¼ yesterday morning, suggesting continuing uncertainty about resolution of the battle.

Branson moves to take Virgin private

BY RAYMOND SNODDY IN LONDON

VIRGIN, Mr Richard Branson's UK based recording and leisure group, plans to become a private company again within the next three months, less than two years after a £55m ($93.5m) flotation.

Since the flotation the shares have fallen from their 140p offer price to a trading range of 85p-95p in the past few weeks.

One possibility is that shareholders will be offered the price thay paid so that the 40,000 small investors who supported the issne, including Virgin recording artists and employees, do not suffer loss.

Following the announcement yesterday the share price rose from 98½p to close at 116p.

In a statement, Mr Branson said that Virgin's insistence on a long-term growth strategy in areas such as the US record market meant there seemed little chance that the City would place the same value on the company as he did.

Since the flotation Virgin has invested more than £100m in its businesses, of which £93m in its traditional areas such as records and £7m in high risk ventures into satellite broadcasting.

No decision has yet been taken on how the share repurchase will be financed.

Lex, Page 16. The end of a honeymoon, Page 25.

IBM Europe heads for growth of 10%

BY HUGO OIXON IN LONDON

IBM EUROPE, the European subsidiary of the world's largest computer company, is on target to achieve a 10 per cent growth in revenue this year, according to one of its senior executives.

Mr Michael Armstrong, president of IBM Europe, said in Brussels yesterday that the company's objective was to "grow with the industry" in 1988. This meant, he said, revenue growth of 10 per cent, and the company was on target to achieve this.

Mr Armstrong explained that reorganisation of IBM Europe's operations to put more staff into front line marketing jobs would be behind the growth in revenue.

IBM Europe is about 80 per cent of the way through a restructuring programme started at the beginning of last year, Mr Armstrong said.

● Apollo Computer's shares plunged nearly 30 per cent early yesterday after the US computer workstation manufacturer announced that it expects to report a loss of $5m to $8m, or 15 cents to 22 cents per share, for the second quarter ended July 2.

Apollo said that it will report sales of about $145m, an increase of 10 per cent from over $132m a year earlier.

For fiscal 1987, Apollo reported earnings of $28.2m or 78 cents per share.

INTERNATIONAL COMPANIES AND FINANCE

Norsk Data in red for first half

By Karen Fossli in Oslo

NORSK DATA, the Norwegian computer group which suffered a serious profits setback last year, expects to make a loss for the first half of 1988.

Mr Rolf Skaar, the president, said yesterday the first half would show a pre-tax loss of NKr125 ($19m), reversing a NKr178m profit a year ago. For the whole of 1987, pre-tax profits tumbled to NKr235m from NKr475m in 1986.

He said the loss was not so much related to costs, which increased by 6 per cent, but more to the strong reduction in orders and revenue from Norway, Norsk Data's home market.

Sales outside Norway increased by 45 per cent but turnover within Norway fell by 5 per cent and orders dropped by 15 per cent.

Mr Skaar did not believe Norway would return as a major market for the company for at least two years and that the problems in Norway had nothing to do with loss of market share.

He said the impact of group cost-cutting programmes would be evident in the current six months.

"These factors, combined with the usual seasonal increase in sales during the second half, mean the result for the second half is expected to be significantly better . . . and also better than the second half of 1987."

David Goodhart on two ambitious members of the famous West German Flick family

Mick and Muck aim to crack the system

A STRONG stomach is required to negotiate the many obstacles lying before anyone attempting West Germany's first truly contested takeover bid. The view in Frankfurt is that the Flick brothers – grandsons of the legendary German industrialist Friedrich Flick – do not have what it takes.

Such a view appears to be borne out by recent events. Having planned a DM350 ($193) a share tender offer for 51 per cent of Feldmühle Nobel – a collection of former Flick companies – the brothers suddenly pulled their planned offer when, as a result of widespread leaks, the price started eating into the bid premium.

First they blamed the leaks, then, through a press spokesman, they blamed Deutsche Bank for leaning on the banks that were helping to finance the offer. Now, in a rare press interview, Mr Friedrich Christian Flick and Mr Gert-Rudolf Flick - better known as Mick and Muck - seem to blame the whole corporate system.

In Zurich they acknowledged that the Feldmühle motion to restrict shareholder voting rights to no more than 5 per cent is certain to receive the 50 per cent support it needs when shareholders meet to vote on the proposals next Tuesday. This would make effective control of the company by an outsider impossible. Deutsche Bank alone is thought to hold proxy voting rights covering about 55 per cent of Feldmülhe's equity.

Are the brothers just suave dilettantes more used to filling gossip columns than financial pages

So has it been another false alarm, like the recent excitement over a possible hostile bid for the Springer publishing empire? And are the Flick brothers still just suave dilettantes, more accustomed to filling the gossip columns than the financial pages?

It is certainly tempting to follow the logic of the Frankfurt gossips and conclude that inheriting DM1bn (shared, admittedly, with a sister and mother) does not help to build that iron stomach lining needed to take on Deutsche Bank and others.

On the other hand, it may be the rich outsider, requiring relatively little financial support, who is in the best position to start unlocking the hidden value tucked away in so many of Germany's 500 publicly-quoted companies. This is certainly the Flicks' self-serving theory.

It was to explain this theory and to try to establish some credibility – if not as industrial managers at least as something more than just rich men – that, presumably, inspired them to invite selected newspapers to Zurich.

Having dismissed the possibility of a bid for Feldmühle, one might have expected them to concentrate on how close they are to identifying another potential target and how they are planning to haul it in. Answers to such questions were, however, extremely foggy.

Friedrich Christian did say they had their eyes on another attractive company but "unfortunately a big bank has a large stake." And while they both repeated that they did indeed want to "crack this unhealthy system," they also suggested, in a rather wistful way, that perhaps they might not try so hard again or might just help out others.

The brothers did describe the cultural and legal difficulties involved in mounting a hostile bid in Germany. But also explained how the German system does have some advantages. It is, for example, possible to accumulate very large stakes before declaration becomes compulsory. In addition, there was some rather vague discourse on …

They admit their management skills are non-existent and see themselves as 'financial engineers'

… how 1992 and the pressure of foreign banks would cause the system to bend.

They were reasonably forthcoming about their business activities since 1975, when they sold their 50 per cent stake in the then private Flick group for DM…

BMW sees good results on high turnover

By Our Financial Staff

BMW, the West German motor group, expects a good financial result this year following an 18 per cent increase to DM11.2bn ($6.1bn) in turnover for the first half of 1988.

Worldwide incoming orders in the half year were 23 per cent above the comparable 1987 level, …

Poulenc gets approval for issue

BY GEORGE GRAHAM IN PARIS

RHONE-POULENC, the French state-owned chemicals group, has received government approval for a FFr5bn ($820m) issue of perpetual securities to foreign investors.

… of the October stock market crash and then because of the election victory in May of President François Mitterrand, some French state sector companies …

Fast foreign growth for Bosch

BY ANDREW FISHER IN FRANKFURT

…

Krupp shows 67% fall in earnings

By Our Financial Staff

FRIED KRUPP, the West German steel and engineering group, reports a 67 per cent decline in net profits for 1987 following weak steel earnings and widening losses from its plant-building operations.

…

Group Precious Metal Mining Companies' Reports for the quarter ended 30 June 1988

All companies are incorporated in the Republic of South Africa

Driefontein Consolidated

Driefontein Consolidated Limited
(Registration No. 68/04880/06)

ISSUED CAPITAL: 204 000 000 shares of 50 cents each, fully paid.

	Quarter ended 30 June 1988	Quarter ended 31 March 1988	Year ended 30 June 1988
OPERATING RESULTS			
Gold – East Driefontein			
Ore milled (t)	705 000	705 000	2 820 000
Gold produced (kg)	7 966,5	8 178,0	34 474,5
Yield (g/t)	11,3	11,6	12,2
Price received (R/kg)	31 124	30 012	30 508
Revenue (R/t milled)	352,14	348,56	373,53
Cost (R/t milled)	112,24	104,54	108,10
Profit (R/t milled)	239,90	244,02	265,43
Revenue (R000)	248 256	245 738	1 053 362
Cost (R000)	79 129	73 706	304 860
Profit (R000)	169 127	172 032	748 502
Gold – West Driefontein			
Ore milled (t)	720 000	720 000	2 880 000
Gold produced (kg)	7 200,0	7 197,3	30 741,3
Yield (g/t)	10,0	10,0	10,7
Price received (R/kg)	31 692	29 792	30 457
Revenue (R/t milled)	317,30	298,16	325,55
Cost (R/t milled)	129,90	122,75	121,71
Profit (R/t milled)	187,40	175,41	203,84
Revenue (R000)	228 459	214 679	937 589
Cost (R000)	93 532	88 381	350 530
Profit (R000)	134 927	126 298	587 059
Uranium Oxide			
Pulp treated (t)	169 197	210 473	812 140
Oxide produced (kg)	14 194	18 362	68 074
Yield (kg/t)	0,084	0,087	0,084
FINANCIAL RESULTS (R000)			
Working profit: Gold	304 054	298 330	1 335 561
(Loss)/Profit on sale of Uranium Oxide and Sulphuric Acid	(1 211)	(39)	1 882
Tribute royalties	—	130	2 298
Net mining revenue	302 843	298 421	1 339 741
Recovery under loss of profits insurance	—	7 000	7 000
Net sundry revenue (group)	19 640	22 922	85 504
Profit before tax and State's share of profit	322 483	328 343	1 432 245
Tax and State's share of profit	163 911	182 300	825 628
Profit after tax and State's share of profit	158 572	146 043	606 617
Capital expenditure	59 908	52 610	185 964
Dividend	244 800	—	408 000

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1988 was R739,9 million.

DIVIDEND. A dividend (No. 30) of 120 cents per share was declared on 7 June 1988, payable to members on or about 3 August 1988.

SHAFTS

EAST DRIEFONTEIN

No. 5 Sub-Vertical Shaft-E. The shaft was sunk 50 metres to a depth of 1 077 metres below the collar. 42 Level Station was excavated and supported. A non-casualty shaft accident delayed sinking when the hoisting rope came off the stage winder.

No. 1 Tertiary Shaft-E. The excavation of the man winder chamber was completed. Work is in progress on the service winder chamber. The development of 34 and 36 Levels is continuing. The casting of the foundations for the rock winder has commenced.

WEST DRIEFONTEIN

No. 7 Shaft-W. The shaft has been commissioned and development has commenced on the tertiary level.

No. 8 Shaft-W. One of the Ventilation fans has been commissioned.

No. 9 Sub-Vertical Shaft-W. The access raise has reached the 21 Level elevation and development in the winze to 23 Level is in progress. Work on the station layout is in progress.

PRODUCTION

Two seismic events occurred on 3 June 1988. Extensive damage was caused to the No. 6 Shaft W longwall and two workers were fatally injured in 25/43 stope. Work is in progress to rehabilitate the damaged working faces.

URANIUM PRODUCTION. The uranium plant ceased production towards the end of the quarter. The mine has sufficient stocks on hand to meet its future sales commitments.

ORE RESERVES AT 30 JUNE 1988. The detailed ore reserves will be published in the annual report. At the prevailing pay limits the reserves are as follows:

East Driefontein (Pay limit 4,6 g/t)

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	5 094 000	173	18,0	3 114
Carbon Leader	1 732 000	155	8,7	1 349
Main Reef	1 202 000	145	5,8	841
Total and averages	8 028 000	164	14,2	2 329

West Driefontein (Pay limit 5,5 g/t)

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Carbon Leader	2 662 000	107	20,9	2 236
Ventersdorp Contact Reef	2 653 000	162	11,0	1 782
Main Reef	2 270 000	122	8,2	1 000
Total and averages	7 585 000	127	13,6	1 727

On behalf of the board
R. A. Plumbridge
A. J. Wright
Directors

7 July 1988

Northam

Northam Platinum Limited
(Registration No. 77/03282/06)

ISSUED CAPITAL: 14 400 000 shares of 1 cent each, fully paid.

	Quarter ended 30 June 1988	Quarter ended 31 March 1988	Year ended 30 June 1988
Pre-production Mine Development Expenditure (R000)			
Capital expenditure	33 983	44 327	135 110
Net income after tax	804	1 588	6 278
	33 179	42 739	128 832

All income and expenditure has been capitalised as pre-production mine development expenditure.

1. **CAPITAL EXPENDITURE.** The unexpended balance of authorised capital expenditure at 30 June 1988 was R515,1 million.

2. **PROGRESS AT THE MINE**

ZONDEREINDE

No. 1 Shaft-Z. The shaft was sunk 114 metres to s depth of 1 020 metres below collar. The intermediate pump chamber station was excavated and the development of the pump chamber commenced. A holing between the two shafts was effected on this level.

No. 2 Shaft-Z. The shaft was sunk 237 metres to a depth of 1 377 metres below collar. The station on 2 Level was excavated and lined and development to the waste pass position was completed.

3. **PROPOSED RIGHTS OFFER OF SHARES.** As announced on 1 July 1988, the company intends raising approximately R260 million by means of a rights offer to shareholders to finance the ongoing construction and development of the mine.

On behalf of the board
A. J. Wright
M. J. Tagg
Directors

7 July 1988

Vlakfontein

Vlakfontein Gold Mining Company Limited
(Registration No. 05/06155/06)

ISSUED CAPITAL: 6 800 000 shares of 20 cents each, fully paid.

	Quarter ended 30 June 1988	Quarter ended 31 March 1988	Year ended 30 June 1988
OPERATING RESULTS			
Gold			
Ore milled: from underground sources (t)	29 347	18 326	72 460
from surface dumps (t)	107 959	129 483	495 888
from outside sources (t)	72 694	62 191	271 652
Total milled (t)	210 000	210 000	840 000
Gold produced (kg)	261,9	232,2	925,2
Yield (g/t)	1,2	1,1	1,1
Price received (R/kg)	31 139	30 045	30 528
Revenue (R/t milled)	38,87	33,25	33,67
Cost (R/t milled)	34,94	32,60	31,86
Profit (R/t milled)	3,93	0,65	1,81
Revenue (R000)	8 163	6 984	28 286
Cost (R000)	7 337	6 847	26 768
Profit (R000)	826	137	1 518
FINANCIAL RESULTS (R000)			
Working profit: Gold	826	137	1 518
Net sundry revenue	193	203	1 078
Profit before tax	1 019	340	2 596
Tax: Formula tax	281	6	283
Non-mining tax	(6)	5	20
Profit after tax	744	329	2 293
Capital expenditure	600	473	6 285
Dividend	1 020	—	2 040

CAPITAL EXPENDITURE

(a) The unexpended balance of authorised capital expenditure at 30 June 1988 was R2,2 million.

(b) The expenditure for the quarter ended 30 June 1988 relates mainly to Droogebult.

DIVIDEND. A dividend (No. 84) of 15 cents per share was declared on 7 June 1988, payable to members on or about 3 August 1988.

DROOGEBULT PROJECT. The decline advanced 37 metres to a depth of 458 metres. Development is in progress on 3 Level and stoping operations are continuing above 2 Level.

ORE RESERVES AT 30 JUNE 1988. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 2,9 grams per ton the reserves are as follows:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
May Reef	59 000	90	6,0	540

On behalf of the board
M. J. Tagg
A. J. Wright
Directors

7 July 1988

Venterspost

Venterspost Gold Mining Company Limited
(Registration No. 05/05632/06)

ISSUED CAPITAL: 20 200 000 shares of 25 cents each, fully paid.

	Quarter ended 30 June 1988	Quarter ended 31 March 1988	Year ended 30 June 1988
OPERATING RESULTS			
Gold			
Ore milled (t)	390 000	390 000	1 560 000
Gold produced (kg)	1 482,0	1 482,0	6 084,0
Yield (g/t)	3,8	3,8	3,9
Price received (R/kg)	31 345	30 077	30 470
Revenue (R/t milled)	119,23	114,41	119,03
Cost (R/t milled)	109,87	104,72	106,58
Profit (R/t milled)	9,36	9,69	12,45
Revenue (R000)	46 503	44 621	185 685
Cost (R000)	42 851	40 840	166 269
Profit (R000)	3 652	3 781	19 416
FINANCIAL RESULTS (R000)			
Working profit: Gold	3 652	3 781	19 416
Net sundry revenue	1 386	1 351	5 596
Profit before tax	5 038	5 132	25 012
Tax	(3 690)	1 138	1 289
Profit after tax	8 728	3 994	23 723
Capital expenditure	4 930	488	6 905
Dividend	10 100	—	16 160

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1988 was R136,0 million.

DIVIDEND. A dividend (No. 96) of 50 cents per share was declared on 7 June 1988, payable to members on or about 3 August 1988.

PROPOSED EXTENSION TO MINING AREA. As announced on 7 June 1988, the board of Venterspost has agreed to acquire the mineral rights and claims to an area of approximately 2 446 hectares adjacent to the mine's eastern boundary. The enabling resolutions will be submitted to shareholders for consideration at a general meeting which will be convened as soon as possible. Acquisition of the extension area should significantly extend Venterspost's life and increase operational flexibility.

Preparatory work has commenced at the proposed shaft site in the extension area referred to above.

ORE RESERVES AT 30 JUNE 1988. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 4,9 grams per ton the reserves are as follows:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Main Reef	3 631 000	141	5,8	818
Ventersdorp Contact Reef	821 000	160	6,3	1 008
Libanon Reef	23 000	127	13,3	1 689
Total and averages	4 475 000	144	5,9	850

On behalf of the board
M. J. Tagg
A. J. Wright
Directors

7 July 1988

Libanon

Libanon Gold Mining Company Limited
(Registration No. 05/06581/06)

ISSUED CAPITAL: 40 000 000 shares of 20 cents each, fully paid.

	Quarter ended 30 June 1988	Quarter ended 31 March 1988	Year ended 30 June 1988
OPERATING RESULTS			
Gold			
Ore milled (t)	435 000	435 000	1 740 000
Gold produced (kg)	1 740,5	1 957,5	7 917,5
Yield (g/t)	4,0	4,5	4,6
Price received (R/kg)	31 712	29 993	30 605
Revenue (R/t milled)	127,02	135,19	139,45
Cost (R/t milled)	111,39	107,99	105,61
Profit (R/t milled)	15,63	27,20	33,84
Revenue (R000)	55 251	58 807	242 653
Cost (R000)	48 454	46 976	183 764
Profit (R000)	6 797	11 831	58 889
FINANCIAL RESULTS (R000)			
Working profit: Gold	6 797	11 831	58 889
Recovery under loss of profits insurance			635
Net sundry revenue	1 673	2 239	8 377
Profit before tax and State's share of profit	8 470	14 070	67 901
Tax and State's share of profit	(5 003)	1 938	6 326
Profit after tax and State's share of profit	13 473	12 132	61 575
Capital expenditure	8 073	6 853	34 389
Dividend	20 000	—	34 000

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1988 was R119,4 million.

DIVIDEND. A dividend (No. 75) of 50 cents per share was declared on 7 June 1988, payable to members on or about 3 August 1988.

ORE RESERVES AT 30 JUNE 1988. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 4,3 grams per ton the reserves are as follows:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Main Reef	2 679 000	144	6,0	864
Ventersdorp Contact Reef	812 000	149	9,4	1 401
Kloof Reef	626 000	220	6,1	1 342
Libanon Reef	34 000	166	5,4	896
Total and averages	4 151 000	153	6,7	1 025

On behalf of the board
M. J. Tagg
A. J. Wright
Directors

7 July 1988

Doornfontein

Doornfontein Gold Mining Company Limited
(Registration No. 05/24709/06)

ISSUED CAPITAL: 40 000 000 shares of 25 cents each, fully paid.

	Quarter ended 30 June 1988	Quarter ended 31 March 1988	Year ended 30 June 1988
OPERATING RESULTS			
Gold			
Ore milled (t)	363 600	366 000	1 461 600
Gold produced (kg)	1 928,1	1 976,4	7 759,7
Yield (g/t)	5,3	5,4	5,3
Price received (R/kg)	31 852	29 841	30 555
Revenue (R/t milled)	169,09	161,37	162,45
Cost (R/t milled)	140,71	139,98	141,00
Profit (R/t milled)	28,38	21,39	21,45
Revenue (R000)	61 481	59 063	237 432
Cost (R000)	51 163	51 233	206 081
Profit (R000)	10 318	7 830	31 351
FINANCIAL RESULTS (R000)			
Working profit: Gold	10 318	7 830	31 351
Net sundry revenue	1 605	1 604	6 833
Profit before tax and State's share of profit	11 923	9 434	38 184
Tax and State's share of profit	820	788	1 420
Profit after tax and State's share of profit	11 103	8 646	36 764
Capital expenditure	5 980	4 855	29 059
Dividend	10 000	—	18 000

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1988 was R106,6 million.

DIVIDEND. A dividend (No. 65) of 25 cents per share was declared on 7 June 1988, payable to members on or about 3 August 1988.

No. 3 SHAFT COMPLEX. Development on 47 and 47½ Levels is continuing.

PRODUCTION

A fire in 33/26 carbon leader stope resulted in one day's loss of production.

ORE RESERVES AT 30 JUNE 1988. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 5,7 grams per ton the reserves are as follows:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Carbon Leader	2 653 000	115	8,2	943
Main Reef	1 787 000	118	6,8	802
Total and averages	4 440 000	116	7,6	882

On behalf of the board
A. J. Wright
M. J. Tagg
Directors

7 July 1988

Kloof

Kloof Gold Mining Company Limited
(Registration No. 64/04462/06)

ISSUED CAPITAL: 121 100 000 shares of 25 cents each, fully paid.

	Quarter ended 30 June 1988	Quarter ended 31 March 1988	Year ended 30 June 1988
OPERATING RESULTS			
Gold			
Ore milled (t)	540 000	540 000	2 160 000
Gold produced (kg)	7 290,0	7 290,0	29 610,0
Yield (g/t)	13,5	13,5	13,7
Price received (R/kg)	31 926	29 975	30 590
Revenue (R/t milled)	431,96	405,40	420,22
Cost (R/t milled)	152,41	134,75	139,03
Profit (R/t milled)	279,55	270,65	281,19
Revenue (R000)	233 256	218 914	907 673
Cost (R000)	82 300	72 768	300 309
Profit (R000)	150 956	146 046	607 364
FINANCIAL RESULTS (R000)			
Working profit: Gold	150 956	146 046	607 364
Recovery under loss of profits insurance			252
Net sundry revenue	6 665	6 675	27 998
Profit before tax and State's share of profit	157 621	152 721	635 954
Tax and State's share of profit	21 369	50 643	179 699
Profit after tax and State's share of profit	136 252	102 128	456 255
Capital expenditure	107 274	70 539	318 457
Dividend	96 880	—	169 540
Issue of debentures		8 175	16 350

CAPITAL EXPENDITURE.

(a) The unexpended balance of authorised capital expenditure at 30 June 1988 was R1 043,7 million.

(b) Included in the total of capital expenditure for the quarter ended 30 June 1988 is an amount of R69,9 million in respect of Leeudoorn.

DIVIDEND. A dividend (No. 37) of 80 cents per share was declared on 7 June 1988, payable to members on or about 3 August 1988.

SHAFTS

KLOOF

No. 4 Sub-Vertical Shaft-K. The headgear slipping has been completed and pre-sinking was advanced to a depth of 18 metres below the collar on 23 Level. The bank area is currently being established. Work on the establishment of the hoist chambers is continuing.

LEEUDOORN

No. 1 Shaft-L. The shaft was sunk 48 metres to a depth of 1 785 metres below collar. Stations were established on 21 and 22 Levels.

No. 1 Sub-Vertical Shaft-L. The headgear portion of the shaft was sliped to a depth of 53 metres below the bottom of No. 1 Ventilation Shaft-L. Lining of the headgear dome has been completed. Work on the hoist chambers has not yet been completed.

ORE RESERVES AT 30 JUNE 1988. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 6,3 grams per ton the reserves are as follows:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	4 534 000	146	19,9	2 905
Kloof Reef	723 000	195	8,9	1 736
Libanon Reef	33 000	140	7,3	1 022
Total and averages	5 290 000	151	18,4	2 778

On behalf of the board
C. T. Fenton
M. J. Tagg
Directors

7 July 1988

Deelkraal

Deelkraal Gold Mining Company Limited
(Registration No. 74/00160/06)

ISSUED CAPITAL: 99 540 000 shares of 20 cents each, fully paid.

	Quarter ended 30 June 1988	Quarter ended 31 March 1988	Year ended 30 June 1988
OPERATING RESULTS			
Gold			
Ore milled (t)	390 000	390 000	1 540 000
Gold produced (kg)	2 296,0	2 301,0	8 894,0
Yield (g/t)	5,9	5,9	5,8
Price received (R/kg)	31 074	30 032	30 392
Revenue (R/t milled)	183,20	177,42	175,91
Cost (R/t milled)	95,06	89,67	89,93
Profit (R/t milled)	88,14	87,75	85,98
Revenue (R000)	71 451	69 193	270 748
Cost (R000)	37 075	34 970	138 332
Profit (R000)	34 376	34 223	132 416
FINANCIAL RESULTS (R000)			
Working profit: Gold	34 376	34 223	132 416
Net sundry revenue	2 670	3 110	11 024
Profit before tax	37 046	37 333	143 440
Non-mining tax	1 188	1 404	5 056
Profit after tax	35 858	35 929	138 384
Capital expenditure	22 332	15 379	57 428
Dividend	44 793	—	69 678

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 30 June 1988 was R255,2 million.

DIVIDEND. A dividend (No. 11) of 45 cents per share was declared on 7 June 1988, payable to members on or about 3 August 1988.

No. 3 SHAFT

Pre-sinking operations have reached a depth of 54 metres.

The platform winder has been installed and work is progressing on the installation of the man winder.

The Rand Water Board pipeline and the access road to the shaft site have both been completed.

ORE RESERVES AT 30 JUNE 1988. The detailed ore reserves will be published in the annual report. At the prevailing pay limit of 4,1 grams per ton the reserves are as follows:

Classification	Tons	STOPE Width (cm)	STOPE Value (g/t)	STOPE cm.g/t
Ventersdorp Contact Reef	2 731 000	148	7,6	1 125
Deelkraal Reef	287 000	167	5,4	902
Total and averages	3 018 000	150	7,4	1 110

On behalf of the board
A. J. Wright
M. J. Tagg
Directors

7 July 1988

GOLD FIELDS OF SOUTH AFRICA LIMITED

Note:
Copies may be obtained from the United Kingdom Registrar:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London, SW1P 1PL.

Auction leaves softer French rates

BY GEORGE GRAHAM IN PARIS

THE FRENCH Government yesterday sold FFr8.18bn ($1.3bn) of bonds at its regular monthly auction, shrugging off the rise in interest rates in other European countries to achieve yields below recent secondary market trends.

Bond market dealers said yesterday that the heavily subscribed auction, where only 27 per cent of bids were served, supported the claim of Mr Pierre Beregovoy, the Finance Minister, that French interest rates could still fall.

The minister said yesterday he considered that with French real, inflation-adjusted interest rates at about 4.5 per cent, compared with 2.5 per cent in West Germany, there was still some room for French rates to fall.

"There exists for France a margin for rates to fall, even if other countries, for reasons of their own, decide to raise their rates," he said.

"I have said they should fall as quickly as possible: that does not mean immediately, but it does mean that there should not be too much delay."

The French franc has remained stable since the West German central bank raised its interest rates last week, followed by the Netherlands, Belgium and Switzerland. Analysts note that part of the reason for the German rate rise, the strengthening of the dollar against the D-Mark, works in favour of the French franc, tending to strengthen it within the European Monetary System.

French officials comment that the Bundesbank decision to raise its discount rate by half a point, to 3 per cent, has done nothing to halt the dollar's rise.

Mr Beregovoy added yesterday that in order to maintain the right psychological climate for a further fall in French interest rates, the Government had made clear its commitment to a strong franc and to controlling public finances.

Officials say that the naming of a budget deficit target of FFr100bn next year, down FFr15bn from 1988, is an important element in this policy. The Government views it as important to continue the reduction in the deficit – with its heavy financing costs in a time of high real interest rates – with an informal goal of reducing it by a further FFr15bn a year for the next three years. Yesterday's auction saw the heaviest demand for the floating-rate TRB 1993 bond, indexed on the weekly Treasury bill auction yield.

The government's floating-rate bonds have been very popular with money market mutual funds, which are not allowed by French market rules to hold a portfolio composed entirely of monetary instruments.

The Treasury accepted only FFr3.05bn of bids out of a total of FFr13.3bn, at a weighted average price of 99.36 per cent, giving a yield of 17 basis points over the bill auction.

For the main 10-year bond, the OAT 9.5 per cent 1998, the Treasury accepted FFr3.95bn of the FFr10.85bn of bids at a price of 103.6 and above. The average yield of 8.93 per cent is about half a percentage point lower than at the last auction of this bond two months ago, before the cut in the Bank of France's interest rates at the end of May.

The Government sold a further FFr1.18bn of the 25-year OAT 8.5 per cent 2012 at an average yield of 9.3 per cent, again showing a half percentage point fall over the last two months.

Nedlloyd write-off blocked

By Laura Raun in Amsterdam

NEDLLOYD, THE battered Dutch shipping and transport group, has been stopped from taking a Fl 911m ($444.3m) write-off of assets which the group had hoped would put it on a sounder financial footing.

Mr Jan De Bruin, the Amsterdam District Attorney, said yesterday he had forbidden the depreciation of ships and drilling rigs in 1987 because of conflicts with the law on annual accounting.

Nedlloyd has been summonsed to appear in court to defend its move, although no date has been disclosed. A spokesman for the group refused to comment yesterday.

The huge, one-off depreciation has been a constant source of controversy since it was first proposed by the Nedlloyd management late last year.

Mr Henk Rootliep, chairman, has argued that the move is necessary because book values of ships and rigs would never recover to their purchase prices, due to structurally lower markets.

However, dissident shareholders, led by Mr Torstein Hagen, the Norwegian shipping consultant, have contended that such a write-down is unnecessary.

Sharp retreat in Eurodollar sector undermines sentiment

BY OUR EUROMARKETS STAFF

THE SHARP reversal of US bond markets and a heavy overhang of nearly $2bn of new dollar-denominated paper made for a day of thin and bearish trading across the board in the Eurobond market yesterday.

The dollar's retreat on the foreign exchanges undermined sentiment and the Eurodollar sector eased markedly as dealers wound down positions ahead of today's US employment data. Prices of seasoned bonds slipped as the market struggled to absorb Wednesday's $1.8bn worth of new bonds.

An Italian newspaper report that Standard & Poor's credit rating agency was set to downgrade Italy prompted anxious co-lead managers and dealers to call Credit Suisse First Boston, who led Wednesday's $1bn deal for Italy. However, the reports turned out to be unfounded and the performance of the issue was barely affected.

Despite the softer tone of the dollar bond markets, dealers said the Italy issue was being well supported around the level of its fees.

Italy is rated AAA by Moody's Investors Service but has never sought an official rating from S&P. The confusion was apparently sparked by an S&P move to consider changing the methods by which it expresses sovereign debt assessments. Italy has a top class "Very Strong" rating in S&P's current parallel categories system.

The remainder of Wednesday's issues did not fare as well as the Italy deal. Dealers said the $500m issue for Denmark was proving

INTERNATIONAL BONDS

particularly slow and was bid at a discount outside its total fees.

Sterling bond prices finished easier, erasing many of the gains posted earlier this week in the wake of the ½ per cent rise in base interest rates to 10 per cent. Trading was lacklustre with little impetus from the pound, which barely changed on the foreign exchanges.

Euroyen prices received a limited fillip from the dollar's softer tone but dealers reported little active buying interest.

As predicted the primary market was subdued, with only one new issue, with an equity-linked deal, emerging.

Salomon Brothers International led a $50m convertible issue of US-based Vishay Intertechnology, manufacturers and marketers of stress measurement and high-precision resistors.

The 15-year deal is priced at par and its coupon is indicated at 4¾ per cent and 5 per cent. The expected conversion premium is between 10 and 12 per cent. The deal carries an investor put option after 7 years at a price to give a yield of 25 basis points (hundredths of a percentage point) over US Treasuries. It was bid at 101¼.

Salomon also said it had increased its recent Australian dollar convertible for transport group TNT to a total of A$175m from the original A$150m.

In West Germany, bond prices opened marginally easier and drifted lower in quiet trading all day to finish an average of ¼ point down on the day.

Commerzbank led a Ecu50m five-year deal for Total Compagnie Francaise des Petroles which is 35 per cent state owned. The 7⅜ per cent deal at 101½ was bid at a discount equal to its 1⅞ fees.

In Switzerland, trading was also quiet and prices finished the day little changed. Credit Suisse brought the World Bank to the market with a SFr150m 15-year deal at 5 per cent and 100¼. The issue was considered fairly priced and saw brisk demand after its launch, although it subsequently slipped to be bid at a discount of 2.

Daiwa and Nomura to deal in gilts market

By David Lascelles, Banking Editor

THE TWO largest Japanese securities houses, Nomura and Daiwa, are to begin dealing in the gilt-edged market by the end of the summer, following the lifting of a UK government ban yesterday.

They announced their plans after being given the go-ahead by the Bank of England, which regulates the gilt-edged market.

The two companies were officially recognised as gilts dealers by the Bank in May. But the Government subsequently prevented them from starting trading because of a dispute with Tokyo over reciprocal access for UK houses to the Japanese securities markets, notably for BZW and James Capel which are seeking membership of the Tokyo Stock Exchange.

Nomura said in London yesterday it was "delighted" by the news that it would be able to proceed. Plans are being finalised for a new subsidiary, provisionally called Nomura Gilts, to begin trading in early August. Nomura's gilts business is expected to be capitalised at about £20m ($35.6m) and to employ about 20 people, which would rank it among the small to medium-sized houses.

Daiwa's operation, Daiwa Europe (Gilts) Limited, will start in September. The company said it expected to make markets in gilts in Tokyo as well as in London. No further details were available.

With the start-up of the two Japanese houses, the number of primary dealers in the gilt-edged market will rise to 25. There were originally 27 of them when the market was reconstituted at the time of the Big Bang in 1986. But four withdrew after sustaining losses.

The UK Government's change of heart has taken place without any obvious signs of progress at the Japanese end. Neither BZW nor Capel have received any news about their TSE applications, even though the matter has been raised by Mrs Margaret Thatcher at two meetings with her opposite number, Mr Noboru Takeshita.

Neither the Bank of England nor the Department of Trade and Industry were willing to comment on the reasons for the lifting of the ban yesterday. However, the UK appears to feel that by stalling Nomura and Daiwa for two months it has demonstrated its readiness to take counter-measures if need be, even if it has not won any signal victories.

Since several regional Japanese banks and securities houses will be seeking authorisation in London in the period ahead, the UK feels that it still has considerable leverage over the situation in Tokyo.

Basle proposals 'will tighten' capital allocation

By Our Banking Editor

THE NEW international capital proposals being prepared by supervisors in Basle will force banks to allocate capital more carefully and use return on capital as a measure of profitability.

Coopers & Lybrand, the international accountancy firm, reaches this conclusion in a survey of about 50 banks in the UK and North America.

The survey shows that many banks already use some form of capital allocation, but at sector or line-of-business level rather than product, customer or deal level. This practice has been growing in the last five years.

But few banks have their own guidelines for capital allocation: instead they use those put forward by their regulators.

Most banks surveyed said they would use the Basle framework for their future capital allocation procedures, even though it did not cover all types of risks.

At present, few banks in the US and Canada use any form of notional capital to measure their profitability. But the practice will be accelerated by the Basle initiative. Banks in the UK are among the most advanced in this area.

The survey forecasts that the new capital régime will put pressure on banks to increase short-term returns. But it comments: "Only if bank managements take relative risk into account when comparing returns in different business areas - and differential allocation of notional capital is one method of ensuring this - will resources be allocated effectively and shareholder returns maximised over the longer term."

Capital allocation in international banking - managing in the new environment. From Coopers & Lybrand, Plumtree Court, London EC4A 4HT.

BZW launches arbitrage trading product in London

BY DOMINIQUE JACKSON

BARCLAYS de Zoete Wedd yesterday launched a new product for institutional investors aimed at encouraging programme trading in London.

Programme, or index arbitrage, trading aims to exploit pricing anomalies between the futures and options markets and the underlying stock market.

BZW's trading agreement for index portfolios (TAIP) will allow investors to switch safely between the Financial Times-Stock Exchange index futures contract and the 100 stocks which underlie the futures contract. It will be the first such product for the London-based markets, although similar instruments exist in the US.

The Stock Exchange Quality of Markets Committee called for more effective links between the cash and derivative markets in its report on the October stock market crash.

However, in the US, index arbitrage business ran into controversy in the months following the crash, although it is now generally held that the technique was not to blame for worsening the decline.

BZW said TAIP would encourage institutional investors to play the futures markets more seriously as it enabled them to assess the cost of buying or selling the underlying stocks at expiry of the futures contract, and greatly simplified this process.

"Up until now the institutions have regarded the derivatives markets merely as trading markets and not as serious places for investment. TAIP marks a step towards allowing them to make more genuine investment decisions using futures," said Mr Guy Austin of BZW.

He added that TAIP would provide an immediate boost to liquidity in the FTSE index futures contract. Trading volumes in the contract on Liffe were badly affected by last October's crash.

Under the new agreement, investors holding open either bull or bear positions with BZW in equity futures or index options will be able to convert them into cash securities at the middle market price corresponding to the index when the futures contract expires. This should substantially reduce costs when compared with conventional methods of dealing in such large portfolios.

Other firms in London are known to be considering similar products.

CATER ALLEN FUTURES RECRUITS BROKERS

CATER ALLEN FUTURES, part of discount house group Cater Allen Holdings, said it was recruiting four of the brokers made redundant last week by Exco Futures when it withdrew from the London International Financial Futures Exchange. The futures division of Elders, the Australian conglomerate, also pulled out of Liffe recently.

Cater Allen has been operating on Liffe since futures trading started in 1982, and currently has a total of five seats on the exchange.

Mr Tony La Roche, Cater Allen Futures managing director, said: "As part of a group which is used to making money out of difficult markets, Cater Allen Futures found itself in the position of being sufficiently successful to need to employ more people."

Agency may alter risk process

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

STANDARD & Poor's, the US credit rating agency, is considering altering the way it expresses its assessments of sovereign borrowers.

The change, which would only affect those borrowers which have not requested a rating for the agency, may have been behind an Italian press report yesterday that the agency was about to announce an effective downgrading of the country's debt.

The report, which caused a flurry in the Eurobond market, was regarded as poorly timed by Credit Suisse First Boston, which on Wednesday launched a $1bn issue of Eurodollar bonds for Italy.

S&P said yesterday that it was considering a change to its sovereign assessments, produced for the guidance of investors where there is no request for a rating from the borrower.

They are currently ranked in six categories from the top "very strong", which includes Italy, to the bottom "inadequate". They would be replaced, where appropriate, with the widely recognised ratings using letters.

However, a lowering of the assessment for Italy or giving it a below-prime "AA" rating was not being considered, said Mr Guido Cipriani, the primary Italy analyst at S&P in New York.

Moody's Investors Service, the other main US rating agency, does give Italy its top AAA rating, but said there was no change to that rating being contemplated.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on July 7

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	94⅛	95⅛	-0¼	-0¾	9.20
All Nippon Air 9⅞ 97	100	†95¾	96⅛	-0½	-0¼	10.07
American Brands 8⅞ 92	150	†98	98½	-1¼	-1⅜	9.41
A/S Eksportfinans 7⅞ 93	100	†93⅛	93⅝	-0⅞	-1⅛	9.21
A/S Eksportfinans 7⅞ 92	150	94⅞	95⅜	+0⅛	-0⅛	8.89
Barc. Bk. Fin. 10¼ 89	200	†102	102⅝	0	-1	8.45
Belgium 9⅝ 92	400	†99¾	100⅜	-0⅛	-0⅞	9.07
British Telecom 7⅞ 96	250	89½	90⅛	-0⅞	-0⅛	9.46
Cal.Natl.Telecom 8⅛ 93	160	†98¼	98¾	0	-0¼	8.89
Canada 9 96	1000	†98⅛	99¼	-0⅛	-0⅜	9.15
Canadian Pac 10¼ 93	100	†103½	104½	0	0	9.69
C.C.C.E 7⅛ 91	113	†95	95½	-0¼	-0⅝	8.82
C.N.C.A 7¼ 91	150	†94¼	95¼	-0¼	-0¼	8.97
Coca-Cola Ent. 8¼ 90	100	*†99⅛	99⅝	0	0	8.59
Credit Lyonnais 9 91	200	100¼	100¾	0	-0⅛	8.74
Credit National 8¼ 93	200	96½	97	-0¼	-0¼	9.10
Credit National 7⅛ 92	100	94⅝	95⅛	-0⅛	-0⅛	9.61
Credit National 7¼ 91	150	95	95⅛	-0¼	-0⅛	8.88
Denmark 7⅛ 92	500	93¾	94¼	-0¼	-0½	9.10
E.E.C. 7 91	100	94¾	95⅛	-0⅛	-0⅝	8.78
E.E.C. 7¼ 93	250	93	93⅝	-0⅞	-0⅛	9.07
E.E.C 8¼ 96	100	†93⅛	93⅞	-0¼	-0¼	9.42
E.I.B. 7⅛ 93	100	93½	94	-0⅛	-0⅜	9.11
E.I.B. 9⅝ 97	150	†99⅜	99¾	-0¼	-0½	9.45
Elec.De France 9 98	200	96¼	96⅝	-0½	-0½	9.56
Finland 7⅛ 97	200	†89¾	90¼	-0⅞	-0⅝	9.63
Finland 7½ 93	200	93¼	93¾	-0⅝	-0¼	9.12
Finn.Exp.Cd. 8⅝ 92	200	98⅜	98⅞	-0⅞	-0⅞	8.93
Ford Motor Credit 0 91	250	†97⅛	98⅝	0	-0¼	8.78
Gen Elec Credit 10¼ 00	200	†101¼	101¾	0	+0¼	10.02
G.M.A.C. 8 89	250	†99¼	99⅞	+0⅝	-0¼	8.53
G.M.A.C. 8¼ 89	200	†99¾	100⅜	+0⅛	-0⅛	0.08
Hoesch 8¼ 97	100	†93¼	94¼	-0¼	-0¼	9.27
Italy 9 90	1000	100⅝	101⅛	-0¼	-0½	8.52
L.T.C.B of Japan 8 91	100	98	98⅛	-0⅛	-0½	8.70
L.T.C.B. of Japan 8 97	200	89¼	89¾	-0¼	-0⅞	9.86
Mercds-Benz Cd. 8½ 95	100	95¼	96¼	-0½	-0½	9.32
Metropolis Tokyo 9½ 93	200	100⅞	101⅜	-0½	-0⅝	9.15
Morgan Guaranty Tst. 7 90	150	†97⅛	97⅞	+0⅛	-0¼	8.54
Norway 8⅛ 93	500	98⅝	99⅝	-0¼	-0⅝	9.03
Pepsico Inc 7⅝ 93	200	*†94⅝	95	0	0	8.74
Portugal 8¼ 91	300	97⅞	98⅝	0	-0¼	9.03
Prudential Crp. 8¼ 94	125	†99¼	99¼	-0⅝	-0¼	8.86
Qantas Airways 10⅛ 95	140	†103⅝	104⅛	-0⅛	-0⅛	9.59
Saab Scania 9½ 91	125	†101⅛	102¼	0	-1	8.57
Saskatchewan 10¼ 92	100	†104¼	105¼	-0¼	0	9.05
State Bk S Aust 9¼ 93	100	†99⅝	99⅝	-0½	-0⅝	9.33
Swed Exp Cred 7¾ 91	100	†94¾	95⅛	-0½	-0½	8.93
Swed Exp Cred 10 92	100	†102¼	103¼	+0¼	-0¼	9.04
Sweden 7 91	250	95	95½	-0¼	-0½	8.72
Sweden 7 92	250	†94⅛	94⅞	-0⅝	-0⅞	8.78
Sweden 8½ 96	200	96⅛	96⅛	-0⅝	-0½	9.44
Sweden 8½ 92	200	*†99⅛	99⅞	0	+0⅝	8.60
Victorian Rep 11⅛ 92	150	107¼	107¾	-0¼	-0¼	9.18
World Bank 7 92	300	†94⅜	94⅞	-0¼	-0⅛	8.80
World Bank 9 97	300	97⅝	98	-0⅝	-0⅝	9.37
Yasuda Trust Fin 8½ 93	100	96¼	96¾	-0¼	-0⅛	9.41

Average price change... On day -0⅝ on week -0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	100⅝	101⅛	0	+0⅝	5.80
Avis Fin.SVS 5⅞ 92	100	†101¼	101¾	-1	+0¼	5.40
Bank of Tokyo 5¾ 95	100	†102⅝	102⅞	-0¼	-0¼	5.09
Central BK. Turkey 7 92	200	†104¼	104¾	+0¼	+0¼	5.76
Commerzbank o/s. 5⅛ 93	300	†99¾	100¼	+0¼	+0¼	5.33
Degussa Int. 6⅛ 97	200	99	99⅞	+0¼	+0⅛	6.22
E.I.B 5½ 98	150	96¼	97	0	+0¼	5.96
E.I.O 6 97	300	98½	99¼	-0¼	+0¼	6.17
E.I.B. 6⅛ 96	300	100¼	100⅝	0	+0⅝	6.04
E.I.B. 6⅝ 97	400	99⅞	100⅝	+0¼	0	6.12
E.I.B. 6⅞ 95	300	104⅞	105⅝	-0¼	+0½	6.05
Euro.Coal& Steel 5⅞ 97	175	97⅝	98¼	0	+0⅝	6.19
Eurofima 6¼ 96	100	100⅛	100⅞	-0¼	-0½	6.17
Elec De France 5¾ 97	300	96⅝	97⅝	+0¼	+0½	6.20
Forsmark Krig. 5⅝ 93	200	100	100⅝	0	-0¼	5.06
I.A.D.B. 6 97	200	98¼	99	-0¼	+0⅝	6.20
IBJ 5⅞ 92	100	†101⅝	101⅞	+0⅝	+0⅝	5.43
Japan Finance 5⅞ 97	100	95½	96¼	+0⅝	+0⅝	6.38
Ireland 6½ 97	300	†99⅞	100⅝	-0⅝	+0¼	6.48
Korea Dev BK 6⅝ 93	100	101⅝	102⅝	-0⅝	0	6.08
Malaysia 6¼ 94	150	99¼	99⅝	-0¼	-1	6.35
Nat. West BK. PLC 6 98	300	97¼	97½	0	-0⅝	6.36
Oesters. Kontbk. 5 93	300	98⅝	99⅝	-0⅝	-0¼	5.18
Portugal 5¼ 92	150	100¼	101	-0¼	-0⅝	5.57
Portugal 6⅞ 95	150	100⅞	101⅜	+0¼	+0¼	6.49
Privatbanken 5¼ 93	150	99	99⅝	-0⅝	+0⅝	5.46
Royal Insurance 5½ 92	300	†99¾	100⅜	-0⅝	-1¼	5.45
Statoil 6¼ 97	200	†98½	99	0	-0⅝	6.44
Soc Cent Nuclear 7¼ 95	150	103⅝	103⅞		-0½	6.61
Westlb. Finance 5 93	200	†99¼	99½	0	0	5.15
World BK. 6¼ 97	600	99⅞	100⅛	-0¼	+0¼	6.20

Average price change... On day -0¼ on week +0⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5⅝ 96	100	†101¾	102½	-0¼	0	5.29
Asfinag 5 02	150	†99¼	99½	+0¼	+0½	5.06
Bk. Frgn.Econ. Ussr 5 98	100	†100	100½	0	0	4.96
Bayer W/W 2¼ 02	250	†99½	100	-0¼	+0¼	2.51
Bayer. Vrnsbk.Os 4¾ 98	100	†100	100½	+0⅝	0	4.71
Elec. De.France 5 07	100	†99	100	-0¼	-0¼	5.04
E.I.B. 4¾ 97	200	†100	100¼	-0¼	-0¼	4.73
E.I B 4¾ 97	200	†98¼	99¼	+0¼	-0½	4.76
Enso Gutzeit 5 99	100	†100	100¼	-0¼	-0¼	4.95
Ireland 5 02	150	†98¼	98½	-0¼	-0¼	5.17
Nippon Suis.Ksha.4⅛ 93	80	†101½	102	0	-0½	4.24
Occidentl.Petrol 5⅛ 92	100	†103⅞	104	-0¼	+0⅝	4.59
Prov.of Manitoba 4¾ 02	200	†99¼	99½	+0⅝	0	4.83
Prudential Fin. 4¾ 98	200	†99⅝	100	+0⅝	+0¼	4.76
Qantas Airways 4¾ 97	110	†97¼	97½	-0⅞	-0⅝	5.11
Trans-Can. Pipe 4¾ 94	160	†100½	100¾	-0⅛	-1¼	4.74
Usf+g. 5½ 96	120	†102¾	103	0	-0⅝	5.03
Victoria Pub.Ath.5⅝ 03	118	†101	101½	-0¼	-0¼	5.25
World Bank 5 02	200	†98½	99	-0¼	-0½	5.12

Average price change... On day 0 on week -0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅛ 92	55	100⅝	101⅛	+0⅛	0	5.11
Belgium 4⅞ 94	45	95⅝	96	+0¼	0	5.46
Canada 4⅛ 92	80	97⅝	97¾	+0⅛	0	5.05
Elec. De France 5⅛ 94	20	98⅝	99⅛	+0⅛	0	5.75
Ireland 5⅛ 93	30	99⅝	100¼	+0⅛	0	5.15
Norway 5⅝ 95	50	97¼	98	+0¼	-0⅛	5.51
Rep. of Italy 5¼ 92	150	102¼	102½	+0⅛	-0⅛	5.01
Sweden 4⅝ 93	50	97¼	97⅞	+0¼	0	5.22
World Bank 5½ 92	50	101⅞	102⅝	+0¼	-0⅛	4.95

Average price change... On day +0⅛ on week -0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS. 10¼ 93 £	50	99⅛	99⅞	0	-0⅝	10.32
Alg. Bk. Ned. 5½ 92 FL	150	100¼	101⅛	0	-0½	5.29
Amro Bank 6¼ 92 FL	150	101	101⅝	0	0	5.86
Barc. Aust. 14 91 A$	20	101⅝	101⅞	0	+0⅝	13.43
Barc. Bk. 10¼ 97 £	250	96⅛	97⅛	+0¼	+0⅛	10.73
BP Capital 9¾ 93 £	100	97⅛	98⅛	0	-0¼	10.24
British Airways 10 98 £	100	95⅛	95⅝	+0⅝	+0⅝	10.77
C.I.B.C. Mort. 10¾ 93 C$	100	†100⅝	100⅝	-0¼	-0⅝	10.54
Coop.Ctr.Rabo.6¼ 93 FL	100	101	101½	0	-0¼	5.92
Coop.Ctr.Rabo.6 92 FL	200	100	100½	0	-0⅝	5.93
Denmark 7¼ 92 ECU	100	†102⅛	103⅛	+0⅛	-0¼	6.71
Deutsche Bank 9⅛ 97 £	75	†95¼	95¼	0	-0¼	10.67
Deut.Bk.Aust.12¾ 95 A$	70	99⅞	100¼	-0⅛	-0⅛	12.71
E.I.B 10¼ 98 C$	130	†99⅝	99⅞	+0¼	+1	10.17
E.I.B 8⅝ 93 LF	10	101	101⅝	-0½	-0⅝	8.26
Elec.France 10¾ 95 C$	125	†100⅝	100⅞	-0¼	0	10.11
Euratom 7⅛ 97 ECU	145	†96¼	96¾	0	+0⅝	7.94
Eurofima 7½ 92 FL	50	†106	108	-0½	-0½	5.41
Fed.Bus.Dv.Bk.9¾ 92 C$	75	†99⅛	99⅞	-0¼	0	9.86
Ford Cr.Can.10¼ 93 C$	100	†101⅝	102⅝	-0¼	+0⅛	10.18
Gillette Can. 9¾ 93 £	70	94¾	95¼	+0¼	0	10.94
G.M.A.C. 9¼ 93 C$	150	†98½	99	-0¼	0	10.07
G.M.A.C. 9¼ 92 C$	75	†99⅞	100⅛	0	0	9.23
G.M.A.C Aus.Fin.14 90 A$	50	101	101½	0	+0⅛	13.24
Halifax BS 10⅝ 97 £	100	97⅛	98	0	-0⅛	10.79
Heineken NV. 6⅛ 91 FL	150	†101⅛	102⅛	0	-0½	5.57
Imp Chem Inds 10 03 £	100	95⅝	95⅞	-0¼	+0¼	10.62
Inv.Industry Int.10 93 £	60	98	98⅝	-0¼	0	10.50
Lloyds Bank 10¼ 98 £	150	95¼	96¼	+0¼	+0⅛	10.92
Mtge.Bk.Den. 6¼ 91 FL	100	102½	103¼	+0¼	-0⅛	5.54
Nat.Australia 14 92 A$	50	100¼	101¼	-0⅝	+0⅛	-0.11
Nat. West.Bk.13⅝ 92 A$	50	†100¼	101¼	+0⅝	-0⅛	12.75
Nationwide BS 10⅛ 93 £	75	98⅜	98⅞	+0¼	+0¼	10.48
Ned. Midd.Bank 6 92 FL	150	100⅝	101⅛	0	-0¼	5.76
New Zealand 9½ 95 £	100	96⅝	96⅝	+0⅝	-0⅛	10.48
New Zealand 7¼ 93 ECU	200	†101⅝	101⅞	-0⅝	+0⅛	7.37
Oesters.Ktbk.13⅝ 94 A$	75	102⅛	102⅛	+0⅛	+0¼	12.99
Prudential Fin.9⅝ 07 £	150	88¼	88¼	-0½	+0¼	10.82
Royal Bk.Scot.10⅝ 98 £	125	97¼	98¼	+0⅛	+0½	11.00
S.O.R. 7⅝ 95 ECU	90	†99⅝	99⅝	0	+0⅝	7.81
Wstd.Lb.Fin. 12½ 93 A$	50	†99	100	-0¼	-0⅛	12.61
World Bank 5¼ 92 FL	100	101¼	102	0	-0⅛	5.25
World Bank 13⅞ 92 A$	100	†100½	101	+0⅛	+0⅛	13.11

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	†.0312	100.14	100.24	13/12	7.91
Alliance & Leic.Bld 94 £	.08	99.33	99.38	21/07	8.33
Belgium 91	0	100.22	100.32	22/08	7
Britannia 5 93 £	0⅛	99.74	99.79	8/07	8¼
Chase Manhattan Corp 91	0⅛	99.28	99.45	22/08	6.94
Citicorp 98	†0¼	97.05	97.30	31/08	7.69
EEC 3 92 DM	†0	100.42	100.52	22/08	3.56
Halifax BS 94 £	.1	99.58	99.63	9/08	8.47
Invt. In Industry 94 £	0	99.43	99.53	24/08	7.81
Leeds Perm. B/S. 94 £	0⅛	99.94	99.99	13/07	8.37
Midland Bank 01 £	.1	94.37	95.87	11/08	8.54
Milk Mkt.Brd. 5 93 £	0⅛	99.67	99.72	30/06	8.21
New Zealand 5 97 £	.07	99.70	99.80	18/08	7.83
New Zealand 5 01	0	99.72	99.82	4/08	6.98
United Kingdom 5 92	†0	100.02	100.12	7/07	6.94
Woodside Fin. 5¼ 97	†0	99.78	99.88	20/07	7.31
Woolwich 5 95 £	0⅛	99.30	99.35	19/08	7.87

Average price change... On day 0.00 on week +0.03

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02	8/87	62	104⅞	105⅞	-0⅛	23.64
Alco Health 6¼ 01	†7/86	26.25	111½	112½	0	0.93
American Brands 7¼ 02	9/87	56.7	102¼	103¼	+0¼	18.58
Primerica 5½ 02	4/87	66.75	66	67	0	62.89
Ashikaga Bank 2¼ 02	4/87	967	128¼	129⅝	+5¼	2.94
Asics 5 92 DM	†12/83	472.7	204⅝	205½	+3	5.54
CBS. Inc. 5 02	4/87	200	92¼	93¼	+0¼	15.04
Fuji Hvy Inds 3 00	*†8/85	678	236¼	238¼	0	-2.95
Fujitsu 3 99	5/84	1106	253⅞	254¼	-0⅛	-3.41
Kinki-Sogo Bk.2⅞ 03 US	4/88	1069	120	121⅛	-2	-0.59
Land Secs. 6¼ 02 £	6/87	6.72	96	97	-0¼	15.18
MCA INC 5⅛ 02 US	9/87	69.62	82	83	-0¼	34.76
Minolta Camera 2¼ 94 DM	12/86	1004	103	104	+0⅝	18.96
Mitsubishi Bk.1¾ 02 US	9/87	3157	109	110	+0⅝	3.68
Mitsui trust 2¾ 01	10/86	1903	125⅝	127⅝	0	1.42
Next PLC 5¾ 03 £	11/87	4.3	101½	102⅛	+0¼	79.75
Nishi Nipp.Bk.2⅞ 03 US	4/88	804	119	120	+1¼	3.57
Omron Tateisi 2⅝ 02	4/87	1310	207⅞	209⅝	+0⅞	-2.31
Ranks Hovis 4¼ 03 £	1/88	3.5	120⅝	121¼	-0⅛	3.65
Redland 7¼ 02 £	1/87	5.4	89⅝	90¼	+0¼	17.47
Texas Inst. 2¾ 02 US	9/87	82.87	79½	80½	-0⅝	36.34
W.R.Grace 6¼ 02 US	9/87	42.12	86¼	87¼	-0¼	37.21

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price, the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Midi transfers transport side to Delmas-Vieljeux

BY GEORGE GRAHAM IN PARIS

COMPAGNIE DU MIDI, the French diversified insurance group, is to transfer its transport activities to Delmas-Vieljeux, the shipping group, in return increasing its stake in the company from 13 per cent to 34 per cent.

The move, which comes only weeks after Midi's shareholders approved the merger of its insurance activities with Axa, the mutual insurance group, sheds the group's direct transport activities in return for a large stake in France's leading private sector shipping company.

Besides transferring Compagnie Auxiliaire du Midi, its transport subsidiary, to the Delmas-Vieljeux holding company, Midi will also transfer the 10 per cent stake it holds directly in the main operating arm of the group, Société Navale et Commerciale de Delmas-Vieljeux.

In return, the insurance group will receive 283,084 new Delmas-Vieljeux shares, valued at FFr521m ($85m). The transaction values Auxiliaire du Midi at FFr344m and the 10 per cent stake in Société Navale at FFr177m. Delmas-Vieljeux has been expanding recently, acquiring the Chargeurs Reunis shipping lines from Mr Jerome Seydoux's Chargeurs group earlier this year and developing its routes in the south Pacific.

Mr Tristan Vieljeux, company chairman, said the group was likely to show an increase in turnover of around a third this year to about FFr4bn, excluding the addition of Auxiliaire du Midi, but that operating profits were likely at least to double as freight rates had risen sharply in the face of inadequate shipping capacity.

He said a further increase in rates was needed, however, since it was still impossible to make a return on a new ship at the current cost of construction.

While Delmas-Vieljeux is mainly active in the shipping market, it has developed its activities in other transport sectors. Auxiliaire du Midi has the second largest French fleet of railway freight cars and will further strengthen its position in land transport and warehousing.

Auxiliaire du Midi made FFr7.6m net profits last year, but Mr Bernard Pagezy, chairman of Midi, said the company was managed so that investment write-offs absorbed all apparent profits, and that a more representative figure was its 1987 cashflow of FFr107m.

The operation will reduce the stake of the original family owners of Delmas-Vieljeux from more than 50 per cent to about 35 per cent, on the same level as Midi's. It will also dilute the stake of Suez, the investment and banking group, to about 8 per cent.

Mr Vieljeux said a new shareholder had declared a stake of 4.8 per cent last month but said he did not know who was behind the name of Developpement et Participations.

Birla unit raises payout as profit soars

By R.C. Murthy in Bombay

GRASIM INDUSTRIES, a Birla company controlled by Mr Aditya V. Birla, posted a 27 per cent increase in sales to Rs6.75bn ($473.3m) in the year to March. But profits before depreciation and tax nearly doubled, to Rs610m from Rs349.4m a year earlier.

Grasim, one of the three leading Birla companies, is a multiproduct company producing textiles, cement and heavy chemicals.

It has the country's largest viscose fibre plant and is the joint promoter, along with the government-owned Hindustan Petroleum Corporation, of the country's first jointly owned petroleum crude refinery, at Mangalore on the west coast. All refineries are now owned by the Government.

Grasim's profits after tax more than doubled to Rs191.2m, against Rs86m. The dividend has been increased to Rs2.75 per Rs10 share, against Rs2.40 last year. A free scrip on a three for four basis has been proposed.

The company plans to invest about Rs8bn in the next three years.

It is doubling capacity at its cement plant to 2m tonnes and is setting up a sponge iron plant to produce 600,000 tonnes a year, based on natural gas in the western state of Maharashtra. It is seeking know-how from Midrex Corporation of the US.

Grasim is also to build a colour television glass shell plant in collaboration with Asahi Glasa of Japan. A hydrogen peroxide plant of 4,500 tonnes capacity is to be set up with know-how from FMC Corporation of the US, to break the monopoly of Wadia Group.

Peter Stewart on a commission's backing of tighter auditing standards

Canadian bankers called to account

IT USED to be that Canadian bank auditors were a quiet, rather obscure breed, making only token objections before signing financial statements.

The misleading conception was that after 62 years without a bank failure, Canadian banks just weren't supposed to fail. That was before word came out on August 12 1985 that C$1bn (US$833.3m) of the C$2.4bn in loans on the Canadian Commercial Bank's books were worthless.

Similar news about the Northland Bank came less than a month later. The auditors, calling their lawyers, said it was not their fault and that the books were in order.

Justice Willard Estey of the Supreme Court of Canada disagreed, and issued a damning opinion of the auditors saying the financial statements were made good through little more than paper entries and wishful thinking.

In the continuing saga, Canadian auditors were recently handed a 167-page report listing 50 recommendations. They were told to sniff-out potential fraud and detect misleading financial statements, or watch their profession crumble under multimillion-dollar lawsuits and growing public mistrust.

"I hope the profession realises that we've thrown them a lifeline," said Mr William Macdonald of the Toronto law firm McMillan Binch, who headed a two-year study of the public's expectations of auditing, commissioned by the Canadian Institute of Chartered Accountants (CICA).

"Commercial pressures must take a back seat to professionalism," said Mr Macdonald. "An auditor's product is his credibility. If he loses his credibility, he loses his business. Professionalism is therefore fundamental to survival."

Mr Macdonald concluded in his report that "some of the most knowledgeable segments of the public feel that their expectations are not being fulfilled . . . and that the profession cannot afford to be complacent."

The basic thrust of the recommendations is to tighten up accounting standards and "to get to the public the essential information in a useful and understandable form."

Mr Macdonald provides auditors with almost 60 red flags to heighten their sensitivity to the possibility of fraud. The list includes conditions to look for in the corporate environment, financial pressures on management, management style and internal controls.

'If auditors wish to stay independent, they must exercise judgments expected of them'

The danger signals are expected to alert an auditor to be more of a bloodhound and less of a watchdog. Mr Allstair Duff, CICA president, said the report gave a vote of confidence to the financial reporting system, but deviated from the legal precedent (the Kingston Cotton Mill case of 1896) that makes it clear "an auditor is a watchdog, not a bloodhound." The CICA says it has already begun work on 21 of the report's 33 recommendations on setting new auditing and accounting standards.

The key Macdonald commission recommendation affecting financial institutions is that provincial accounting bodies immediately change their codes of conduct to permit auditors to inform government regulators if they suspect a company is getting into financial trouble.

That ties in with the concept that, while auditors are primarily responsible to shareholders, they also have a responsibility to depositors in the case of financial institutions.

Mr Macdonald said that contacting the regulators about suspect figures was a desirable middle ground between saying nothing and qualifying financial figures in the annual report. It also gave the auditors an extra weapon in their arsenal against misleading statements, and thus added to their leverage.

Mr Duff agreed, saying auditors were reluctant to qualify a financial statement because it could needlessly start a run on a bank. (One flaw with the present system – it has often been said – is that the auditor's basic leverage is the qualified opinion, a drastic measure that has been compared with a country having a nuclear bomb as its only defence.)

The commission did not recommend fundamental changes in financial reporting requirements. It said the expectation gap could be narrowed by strengthening auditors' independence and professionalism, and by improving standards for financial disclosure.

Mr Duff was pleased the commission recognised that company directors and management, as well as regulators in the case of financial institutions, were responsible for producing fair financial reports.

Justice Estey was harsh on auditors less than two years ago for not blowing the whistle on the banks that eventually collapsed. In his 1986 inquiry into the collapse of the two western Canadian banks, he wrote: "The auditors failed to bring to bear on their primary task, that of determining whether the financial statements of the bank as prepared by management fairly reflected the financial position of the bank.

"If auditors are to remain independent, they must exercise the hard judgments expected of them, or their status will decline and their activities become either mere bookkeeping or part of a directly regulated government system of reporting."

The fallout from the 1985 bank failures will likely be felt well into the year 2000. Price Waterhouse, the accounting firm, as liquidator of the defunct Canadian Commercial Bank, launched in 1987 the most important lawsuit in Canadian accounting history, claiming C$294m plus interest and costs in damages against the auditors, directors and officers.

At issue is whether reliance on technical accounting rules is acceptable when resulting financial statements are misleading. The case could establish important precedents in Canada, and possibly in other common law countries such as the US and Britain.

Other suits totalling well over C$1bn have also been launched with respect to other failures.

Most auditors, still hurting from Justice Estey's scathing attacks, were relieved with the contents of the Macdonald commission report.

Mr David Selley, national director of auditing at Clarkson Gordon, the accounting firm, said he was especially happy that the commission recognised the need for co-operation of management, boards of directors and audit boards, regulators and auditors.

Mr Selley was concerned, however, with the list of flags that he judged would flash red in many cases, even when there was no likelihood of fraud.

Mr W. Ross Walker, senior partner and chief executive at Peat Marwick in Toronto, wondered whether companies were ready to pay the extra costs to seek out fraud.

Peter Stewart is Canadian correspondent for the FT World Accountancy Report.

Reshape reduces deficit at Voest-Alpine to Sch3.7bn

BY JUDY DEMPSEY IN VIENNA

VOEST-ALPINE, Austria's largest state-owned steel and engineering group, has cut its losses for 1987 following a reduction of the workforce, a shake-up of management and a streamlining of the company.

Losses were reduced to Sch3.7bn ($289.1m) in 1987, compared with Sch8bn in 1986. Over the period, turnover fell from Sch106bn to Sch88bn.

Domestic sales fell by 20 per cent to Sch10.9bn in 1987, with foreign sales declining by Sch14bn to Sch77.4bn.

Mr Herbert Lewinsky, who was brought in to overhaul the company in 1986 following a scandal involving illegal oil market losses of more than Sch2bn, is hoping that Voest-Alpine will finally claw itself into the black after several years of record losses.

The group is still subsidised by Oesterreichische Industrieholding AG, (Oiag) the holding group of the state-run industries. But Mr Michael Hugh Sekyra, Oiag's chairman, insists that subsidies for group loss-makers will have to be reduced.

Strong growth for former IBM subsidiary

By Our Financial Staff

IBM'S FORMER South African unit, renamed Information Services Management (ISM) when the US computer group withdrew from the country in 1986, said yesterday it was on a strong growth path.

Mr Tony Dry, a marketing executive, said the company had lost market share in 1987 but sales had improved significantly in the past nine months, when it sold 16 mainframes worth a total of more than R250m ($107.2m).

When IBM disinvested in October 1986, it pioneered the concept of a trust to administer the company's profits, with employees being offered shares in the operation.

Several other large US companies which have withdrawn from South Africa have followed a similar course, among them Exxon, General Motors and Fluor.

The ISM trust and the Barlow Rand Industrial Group's electronics arm, Reunert, which distributes Hitachi mainframes, joined forces last year in forming a holding company, Technology Systems International (TSI), which was listed on the Johannesburg Stock Exchange earlier this year.

The ISM trust has a majority shareholding in TSI.

Teijin posts 28% increase

By Our Financial Staff

TEIJIN, A leading Japanese polyester fibre maker with diversified interests including pharmaceuticals, has reported a 28.5 per cent rise in consolidated net earnings in the fiscal year ended March 31, climbing to Y20.13bn ($151m) or Y22.49 per share from Y15.66bn or Y16.58 a year earlier.

Sales rose to Y538.34bn from Y528.33bn. Pre-tax profit was up by 26.8 per cent to Y42.84bn.

INTERNATIONAL COMPANY NEWS

David Owen examines the outlook for the Canadian metals group

Falconbridge watches out for suitors

MR WILLIAM James, Falconbridge's craggy and outspoken chairman, has had a busy year.

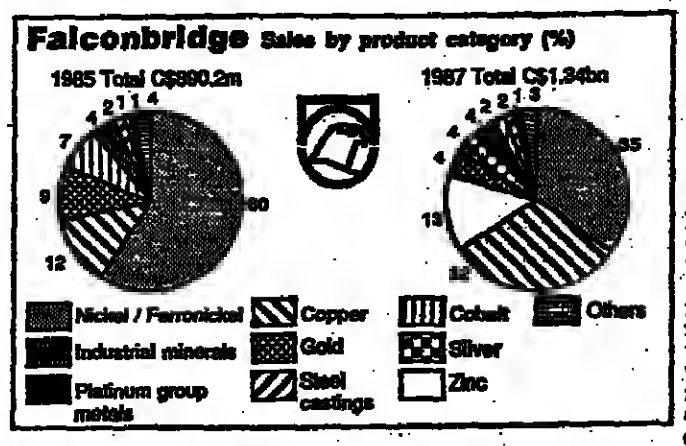
In the past six months, the 59-year-old geologist has raised C$142.5m (US$117.4m) of equity capital in the subdued post-crash Canadian market, resolved a thorny tax dispute with the Government of the Dominican Republic, where Falconbridge has a 70m lb a year ferronickel plant, and masterminded last week's purchase by the company of a 24.7 per cent stake in itself from Placer Dome, the largest western world gold producer outside South Africa.

But the busiest part of Mr James' year may well lie ahead. In August, the company faces wage negotiations with mine and mill workers at its Sudbury nickel complex. Less than six weeks ago, arch-rival Inco reached a deal with its Sudbury workforce which provided for a lump sum payment, a 21.8 per cent pay rise over three years and the partial indexation of pensions.

In addition, Falconbridge, which is the world's second largest nickel producer after Inco, has been earmarked by local mining analysts as one of Canada's ripest takeover targets. "They are still very much in play," says Mr Thomas Byrne, a ScotiaMcLeod director.

In striking the complex C$960m deal with Placer Dome, Mr James appears to be gambling that currently buoyant base metals prices will remain reasonably firm for at least the next 12 months.

Markets for nickel, copper and zinc, which together accounted for 80 per cent of Falconbridge's



sales revenues in 1987, have all recovered from the low levels which prevailed earlier in the decade. The company has, however, been prevented from cashing in to the fullest possible extent by the now resolved Dominican dispute.

The transaction will push Falconbridge's debt load from a comfortable C$510m, the level to which it was lowered following the C$142.5m January equity issue, to an estimated C$1.1 bn. When the dust from the deal has settled, the debt:equity ratio may not fall far short of 1:1. Mr James expects that approximately 65m shares in the restructured Falconbridge will be left outstanding.

If realised prices for its core commodities remain high, the company should quickly be capable of reducing the burden. With nickel prices of US$7 to US$8 a lb, the firm was turning a weekly profit of some C$10m – even without Falconbridge Dominicana, according to Mr James.

Given a fair wind, the company could conceivably cut its debt back to around C$500m by mid- to late-1989, analysts project.

Regardless of how Falconbridge's debt position pans out, Mr James could hardly be accused of having bought the Placer Dome share block cheaply. Taking into account a C$4.75 a share special dividend which Falconbridge will pay to all its shareholders, Placer Dome will be receive C$30.50 a share for cashing in its stake.

This compares with a price of C$23.75 per unit for the 6m shares issued in January, and a current share price of C$28.

"Placer has been successful at selling its portion at either the market high or close to it," says Mr Geoffrey Carter, a Toronto-based mining analyst with Midland Doherty. For his part, Mr James describes the acquisition price as "good value."

Other shareholders too should be pleased with the transaction. Not only can they look forward to the receipt of their special dividend, but the company's per share earnings will also be higher than expected due to the reduced number of shares outstanding. Pre-deal 1988 earnings forecasts ranged from C$3.65 to C$4 a share. Actual income totalled 42 cents a share in 1987.

Shareholders may even enjoy a further windfall should the much-talked-about battle for control of the company ensue. Last week's developments have done nothing to stifle the rumours despite the company's increased debt load.

Indeed, some reason that by reducing the number of shares outstanding and hence the direct cost of any takeover, Falconbridge's purchase of the Placer Dome block has actually increased the likelihood of a future raid. Such a takeover would now probably cost the instigator in the order of C$1.5bn to C$2bn.

Noranda, part of Edward and Peter Bronfman's far-flung Brascan fiefdom and a former employer of Mr James, is at the top of many lists of potential suitors. Falconbridge's Kidd Creek zinc-copper operation in northern Ontario, bought for C$650m from the government-controlled Canada Development Corporation some three years ago, would mesh particularly well with Noranda's existing assets, the argument runs.

But Falconbridge's recently acquired diversity may equally make it a target for a leveraged buyout.

Santa Fe invests $75m in Nevada gold mine

By Our New York Staff

SANTA FE Southern Pacific, the railroad and natural resources group, plans to enter the gold mining business by spending $75m to develop a new mine in Nevada.

Its subsidiary, Santa Fe Pacific Mining, hopes to begin production at its Rabbit Creek deposit near Winnemucca, Nevada, in the second half of 1990, building up in 1991 to full production averaging 100,000 ounces a year. In total it hopes to extract at least 800,000 ounces of gold.

It also raised its estimate of the property's geologic reserves to 3.6m ounces from 2.3m ounces when it announced the discovery in April. Geologic resources offer the potential for economic extraction but cannot be classified as gold reserves until a mining plan has been developed and more drilling and analysis undertaken.

Santa Fe's news came only six weeks after Newmont Gold, the largest US gold miner, reported a 55 per cent increase in its geologic gold resources to 30.9m ounces from 20m ounces.

Gillette loses court ruling in Coniston proxy contest

BY OUR NEW YORK STAFF

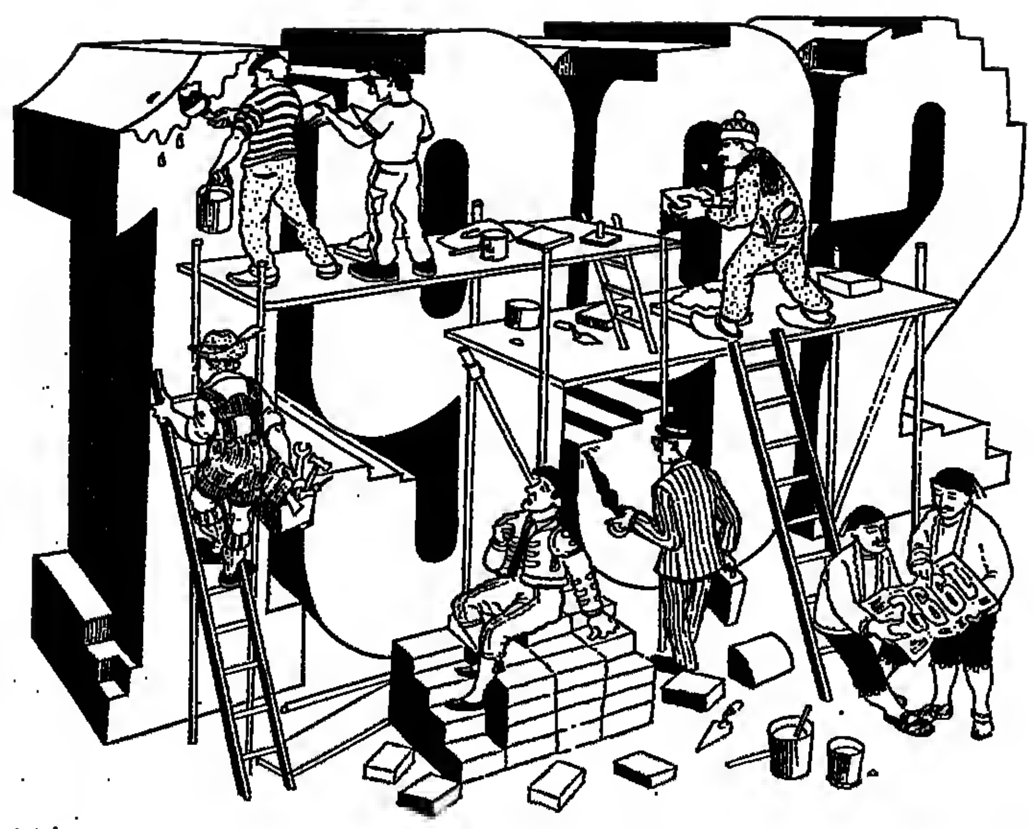
GILLETTE, the US razor and consumer products group, yesterday said it was surprised and disappointed by a court ruling that it deliberately misled shareholders during its recent bitter proxy fight with Coniston Partners.

Judge Mark Wolf ruled in Boston on Wednesday that Gillette had portrayed its adversary as a shadowy network of chiefly foreign companies. He postponed a decision, however, on whether the proxy contest for seats on Gillette's board should be re-run.

Coniston Partners, a New York investment firm with a 5.8 per cent stake in Gillette, is seeking board representation so it can help force the company's sale.

After Gillette won the first proxy fight by 52 per cent to 48 per cent in its bid for four seats on the 12-seat board, Coniston filed suit claiming the company had run a "campaign of innuendo" against it.

The judge asked Gillette and Coniston to file by Monday memorandums on the remedies they are seeking.



RIVAL SUITOR ACCUSES KLEINWORT BENSON OF DUAL ROLE

British Coal plans buy out of BFL

BY NIKKI TAIT

British Coal, the state-owned fuel company, is teaming up with merchant bank Kleinwort Benson, to buy out a 55 per cent stake in British Fuels, the UK's largest coal and oil distribution company, from Redland and a further 25 per cent from AAH Holdings.

However, a row broke out last night over the deal, with a rival prospective purchaser – believed to be Phildrew Ventures, the venture capital arm of stockbrokers Phillips & Drew – claiming that British Coal had blocked a higher bid for the BFL business, and that Kleinwort Benson had a dual role in advising and financing its client.

Under the deal, which values BFL at about £126m, British Coal will swap its existing 20 per cent interest in BFL for a 50 per cent equity holding in a new company which will own BFL. In addition to the equity element, the purchase consideration will be funded by £95m of debt finance.

At present, the outline plan assumes that Kleinwort and Bankers Trust will underwrite the debt financing and the remainder of the equity financing. However, Kleinwort said last night that part of both the debt and equity elements would be syndicated – although it does expect to retain a share stake.

Yesterday, Phillips & Drew declined to make any comment on the controversy. However, they are believed to be lobbying against the deal through Parliamentary channels.

Yesterday, Sir Colin Corness, Redland chairman, defended the decision to accept the British Coal offer. It was, he said, "the highest cash price offered on an unconditional basis." The building materials company will receive £70m for its 55 per cent interest, which will go to finance capital expenditure in its core building materials business.

Meanwhile, the Department of Energy said that the Secretary of State would not be required to approve the deal because it did not involve any further cash injection by British Coal.

The Department is believed to have been given assurances that British Fuels will continue to be run at arm's length from British Coal. The DoE added that it had not received any complaints about the deal.


Sir Colin Corness – defended decision to accept offer.

British Fuels is the product of a recent merger between Cawoods, a wholly-owned subsidiary of Redland, and British Fuel Company, which was previously owned jointly by AAH Holdings and British Coal. As a result of the merger, announced in December 1986 but completed only a year ago, Redland held 55 per cent of BFL, AAH 25 per cent and British Coal 20 per cent.

Redland made it clear that it would be willing to sell its stake back in April, when it was announced that BFL management was interested in buying out the business. Sir Colin said that various offers, in addition to the management buy out proposal, subsequently ensued.

AAH, which was initially unwilling to sell out, has to take £30.5m in bank guaranteed loan notes, a cash payment of £8.5m from Redland and a small shareholding in the new company. The total consideration is worth about £40m.

BFL, which is involved in wholesale and retail coal and fuel oil distribution, made pre-tax profits of £12.3m in the year to March 26.

Ashley Industrial suspended

By Clay Harris

A MAJOR re-organisation is on the cards at Ashley Industrial Trust, plywood products and milk-float battery manufacturer. Its shares were suspended yesterday pending an announcement which is expected next week.

Ashley has been headed since April by Mr Robert Newman, who previously helped to mastermind the evolution of "The Times" Veneer, a wood products company which was little more than a shell, into Era Group, an acquisitive furniture and toy retailer.

His plan for Ashley is likely to follow a similar pattern.

Dunster Investments, in which Mr Newman's family has a beneficial interest, owns 29.9 per cent of Ashley. The holding was bought from Trans-Pacific Finance Corporation, which abandoned its intention to introduce new business opportunities because of a change in a market

Ashley reported pre-tax profits of £49,000 on turnover of £1.77m in the six months to March 31. At the suspension price of 91p, it has a market capitalisation of £12.7m.

Gibbs Mew pulls out of wholesale buy

By Lisa Wood

Gibbs Mew, Salisbury brewer, has decided not to proceed with the purchase of a 50 per cent stake in Coopers of Wessex, a small drinks wholesaler and subsidiary of Allied-Lyons.

The proposed purchase for an undisclosed amount – understood to be half the net asset value of Coopers – was to have been part of an arrangement for reciprocal selling of the two brewers' products.

Gibbs Mew said yesterday that it had been possible to secure that trading and distribution arrangement without it taking a stake in Coopers.

The arrangement includes Gibbs Mew strengthening its own portfolio of drinks by distributing Allied products, including Castlemaine XXXX lager, to its public houses. Conversely Coopers will wholesale a range of Gibbs Mew beers and soft drinks.

Gibbs Mew recently acquired 105 public houses from Grand Metropolitan and wants to concentrate on developing them – a programme that will require substantial capital investment.

Hollis revamp receives shareholders' approval

BY CLARE PEARSON

SHAREHOLDERS IN Hollis, part of Mr Robert Maxwell's Pergamon Group, yesterday approved both its rebirth as Pergamon Professional and Financial Services and the sale of its principal industrial interests to their management.

At an extraordinary meeting, shareholders approved four resolutions: to sell Hollis' engineering subsidiaries to a new company, Oval, headed by Mr Colin Robinson, their chief executive; to make Mr Robinson an ex gratia payment of £305,000; to dispose of A H McIntosh, the loss-making furniture manufacturer, and to change the company's name.

Net assets attributable to shareholders will increase on a pro forma basis from £13.2m at end-December to £100m

Pergamon Professional and Financial Services is guaranteed an equity stake in Oval, if it is floated or sold, through the issue of £30,000-worth of convertible preference shares which can be converted in those circumstances into at least 42 per cent of its share capital.

The deal with Oval also gives it £55m in cash, a further £19.97m-worth of convertible preference shares, £14.65m in loan notes and £300,000 non-convertible preference shares.

● Hollis has sold its subsidiary Armstrongs (Hull) for a nominal sum to Castleco, a newly incorporated company wholly owned by Mr C Carrick, Mr H Taylor and Mr S Tron.

Daejan boosts profits to £22m

Daejan Holdings, property investment and trading group, lifted its earnings from 76.38p to 88.13p in the year ended March 31, and is raising the dividend by 2p to 19p.

Profit before tax advanced from £18.33m to £21.97m, reflecting a £1.32m increase in rent and charges receivable, a £2.62m upturn in surplus on sale of properties, and a £772,000 cut in interest charges.

The group's investment portfolio was valued on March 31 revealing a surplus of £11.7m.

Jas. Wilkes sees froth in the humble beer mat

By Ray Bashford

Tegestologists collect beer mats. Mr Stephen Hinchcliffe, chairman of James Wilkes, collects companies that produce them.

He announced yesterday that Wilkes, Huddersfield-based manufacturer of promotional products and printing machinery, employing 100 people, had taken a stride into the international beer mat market through the £5m acquisition of Waterlomat, a Belgium-based market leader.

The purchase makes Wilkes one of the world's largest beer mat producers and Mr Hinchcliffe feels that the company is well-positioned to seize the little recognised potential of European and US markets.

Wilkes controls about 50 per cent of the UK beer mat market, worth some £6m a year, and the purchase will give the company around 20 per cent of the £40m a year European market.

"We'll now be looking seriously at a major attack on the European market and I believe we are now in a strong position to advance," said Mr Hinchcliffe who professes to be a user rather than a collector of beer mats.

The Germans, who prefer their beer highly chilled, served in a long glass and adorned with a beer mat, dominate world consumption, using about 60 per cent of the 5.7bn mats produced annually.

Mr Hinchcliffe believes that Americans are lagging behind the world in their appreciation for the merits of the humble beer mat and it is in the US where the aim for expansion is greatest.

The Americans, like the Germans, drink their beer chilled, and have traditionally wiped up the condensation on tables with napkins. Mr Hinchcliffe believes he can help end this habit by introducing the beer mat to Americans.

Waterlomat is the largest beer mat group in the US, exporting relatively small orders and competing with only one indigenous producer.

If Mr Hinchcliffe can convert America, there may soon be the US equivalent of the British Beer Mat Collectors' Society and tegestology may thrive.

Aitken Hume falls below City expectations with £3.2m

BY VANESSA HOULDER

Aitken Hume, the financial services group which has recently suffered a series of boardroom upheavals, yesterday announced a sharp fall in pre-tax profits from £7.18m to £3.2m for the year to March 31. Although the results were below City expectations, the share price dropped by only 2p to 91p.

Mr Emmanuel Olympitis, managing director, described the results before exceptional items as respectable given the very difficult market conditions.

In view of the plans to dispose of the UK life insurance and unit trust arms and to develop the banking activities and portfolio management operation, and reduce interest costs and corporate overheads, the board was confident about the future, he said.

The fall in profits was in part due to an exceptional charge of £1.73m, taken to reflect a drop in the appraisal value of the Sentinel Life subsidiary, which has resulted from the adverse effects of the Financial Services Act and the October crash.

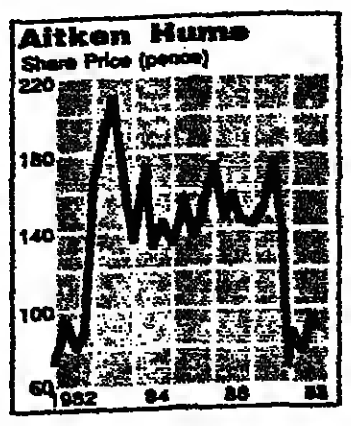
The second factor was that there was no transfer from Sentinel Life, compared with the transfer of £1.5m in the previous year.

The third main reason for the fall in profits was that the contribution from National Securities and Research Corporation, the Group's US mutual funds arm, fell from £6.5m to £3.1m as a result of a depressed market.

The breakdown of profits of other divisions showed that the UK fund management business made profits of £3.48m (£738,000), insurance £73,000 (£2.06m), banking £687,000 (£731,000) and fiduciary and management services £304,000.

An extraordinary item of £1.24m (£2.57m) was charged, relating to discontinued property and leasing businesses.

Earnings per share declined from 10.51p to 5.11p. A recommended final dividend of 1p makes a total of 2.5p (2p).



UniChem to hold ballot

By Philip Coggan

Mr David Mair, chairman of UniChem, the co-operative which is the UK's second largest chemists' wholesaler, said at the reconvened annual meeting that the company would shortly hold a ballot about its controversial share promotion scheme.

The scheme which links the issue of bonus shares in Unichem to the level of planned and future purchases by chemists, has caused consternation amongst the company's competitors.

One rival, Macarthy, launched a takeover bid which has since been withdrawn; another rival AAH, which owns Vestric, complained to the Office of Fair Trading which is now investigating.

A previous Unichem AGM had voted in favour of the scheme, but the vote was found to be invalid because of a technicality.

Irish Distillers forecasts I£18m

BY LISA WOOD

Irish Distillers Group, target of a hostile I£200m (£172m) cash bid by Allied Lyons and Grand Metropolitan, has published its defence document and forecast record profits, earnings and dividends for the year to September.

IDG is forecasting a pre-tax profit of more than I£18m. Last year pre-tax profits fell from I£12.9m to I£2.8m after an exceptional item of I£10.4m relating to rationalisation costs. Earnings are forecast to rise by 34 per cent, with total dividends of 10.2p recommended. Dividend cover will remain the same at almost 2.3 times before exceptional items. IDG said the cost reduction programme was producing savings of £4m a year.

GC & C Brands, the joint venture set up by Allied Lyons and Grand Metropolitan dismissed the forecasts. "The profit forecast is £2m more than they were indicating barely a month ago. The increase mainly arises from rationalisation savings and a change in accounting policy".

IDG said the bid was about the future of Irish companies which believed in Ireland's ability to compete independently in world markets. It warned that if the bid were successful IDG would be moved to England with debilitating consequences for the Irish business community.

The bid has been referred to the Irish Fair Trade Commission.

Alexander Russell recovers to £2.87m

AS ANTICIPATED at the time of the disappointing interim results, Alexander Russell, staged a smart second half recovery to report taxable profits 49 per cent higher at £2.87m for the year to end-March.

The Glasgow-based mineral extraction and coal recovery group achieved the outcome on turnover up from £31.17m to £36.5m. A surplus of £771,000 in respect of the sale of quarrying land was taken above the line.

After tax of £995,000 (£669,000) and minorities of £56,000 (£95,000), earnings per 10p share worked through at 6.61p, up from 4.57p last time. An extraordinary debit of £527,000 related to a provision against the possible early closure of Nesquehoning Coal, the group's US coal recovery associate.

A proposed final dividend of 1.4p makes a total of 1.94p (1.76p) for the year.

UK COMPANY NEWS

Raymond Snoddy on Richard Branson's proposed withdrawal from the City

The honeymoon is over for Virgin

MR RICHARD BRANSON, chairman of Virgin Group, has decided to cast aside for ever the bowler hat and pin-stripe suit he uncharacteristically wore for a few hours in November 1986 when Virgin floated on the Stock Exchange.

The Virgin chairman announced yesterday that the company's brief flirtation with the City was at an end and that he was "exploring the possibility of a management buy-out".

The facts behind the announcement are simple enough.

The power of the Branson name pulled in 40,000 small investors – fans, musicians, staff – as well as major institutional investors at a price of 140p a share, 20p above the minimum price allowed in the offer by tender.

Virgin shares reached a high of 177p, a nadir of 83p and, since the October crash, have generally traded in the 85p-95p range.

Richard Branson – the flirtation with the City is at an end and he is exploring the possibility of a management buy-out

"Judging by the market's valuation of Virgin to date, it would appear likely that Virgin's share price will continue for some time to fail to reflect Mr Branson's view of its long-term value," the company said yesterday.

There was also the firm feeling that Virgin wanted to continue taking long-term decisions such as the costly entry into the all-important American record market – without having to worry always about short-term effects on the share price. There seems to be no ill of pique in the Branson camp or adesire to thumb its nose at the City. There is simply the realisation that flotation has not brought the expected benefits to the company.

The aim was to give Virgin the capacity to issue paper if it was needed and to raise the company's profile in the US. Instead, the languishing share price has turned out to be a liability there and Mr Branson has had to face irate artists across the dinner-table complaining about being £150,000 down.

In its first year as a listed company, Virgin's profits rose by 45 per cent and it was confidently sitting back waiting for the price to hit 200p. But the results coincided with the October crash, the impact was lost and the shares were heavily marked down.

The turning point in Virgin's attitude to the City, it appears, came following the sale for £23m of a number of what it saw as marginal record shops. Virgin believed the price was good for shops that had made a total profit of £89,000 last year. Surely now the City would be pleased? Instead the price went down again.

Virgin executives rubbed their eyes, wondered at the lack of logic and decided that maybe it was all more trouble than it was worth. The experience, it is understood, left Virgin with the belief that, in Britain at least, entertainment companies are better run as private companies.

There is, so the argument goes, no proper entertainment sector on the Stock Exchange, where Virgin is lumped alongside companies with more tangible assets such as Ladbroke, the hotel, betting and retail group. And, anyway, how do you value the catalogue rights to Phil Collins records?

Companies such as Bertelsmann, the West German-based international publisher, are private, so why not Virgin, executives ask.

The company now has the choice of financing the re-purchase of 37 per cent of its shares – 4 per cent in the hands of small shareholders and 33 per cent with the institutions – by raising debt, through a private placement of equity or a mixture of both. No final decision has yet been taken, although the company could go private within three months.

Virgin believes it will have no trouble financing future investment by borrowing against its cashflow. The debt equity ratio of 80 per cent would be amortised by 17 months' cashflow and interest is covered five times. The US operation which has cost £25m to date is on course to turn into profit within 18 months.

Perhaps the greatest irony about the whole affair is that when Mr Branson decided to float he was persuaded to leave the Virgin airline out of the deal on the grounds that it was too risky and might confuse investors.

The airline made more than £10m this year and its inclusion would probably have made Virgin shares a hit.

Mr Peter Hilliar, senior leisure analyst at Barclays de Zoete Wedd, stockbroker, said yesterday he was still "aboard" Virgin and saw it as an imaginative company.

"I just wonder at the end of the day whether Virgin will ever get its just desserts in the UK market because we are simply not used to these speculative ventures," Mr Hilliar said.

Burtonwood Brewery advances 10%

By Clare Utting

Burtonwood Brewery, the Warrington based brewer, saw pre-tax profits rise by 10 per cent from £2.66m to £2.93m in the year to the end of March 1988. Turnover was up at £31.83m, against £30.55m.

Mr Graeme Dutton-Forshaw said that the underlying growth before property sales was again more than 20 per cent and remained strong.

Earnings per share were 9.3p (8.8p) and a final dividend of 2.535p (2.3p) is being recommended for a total of 3.16p (2.925p).

In the first three months of the present year volumes were up by 4 per cent, continuing a trend apparent since the autumn, said the chairman.

He said that existing retail outlets still offer considerable growth opportunities from further capital expenditure.

Last year volumes overall declined by 2 per cent, but tied trade increased by 1 per cent.

Babygro and R Lowe in talks

BY CLARE PEARSON

Babygro, Scottish children's wear group, seems likely to be absorbed by Robert H Lowe, leisurewear manufacturer, after the announcement yesterday that the companies are in merger talks.

The merger would end Babygro's troubled 12-month history as an independent public company. During the period, it has disappointed the market with its first set of results, as the pre-tax profit of £1m forecast for the year to October 31 in the placing prospectus was met only by inclusion of some exceptional non-recurring items.

Mr Derek Hill, Lowe's chief executive, said yesterday the two companies were in agreement on the industrial synergy of a merger but were still negotiating on price.

Lowe's shares were suspended yesterday at 185p, and Babygro's at 65p. This compared with the placing price last July of 110p.

Mr Hill said that by combining Lowe's existing interests in children's wear with those of Babygro, the companies would obtain far greater clout in negotiating with retailers than they have at present, he said. Both are suppliers to Marks and Spencer.

Robert H Lowe's pre-tax profits jumped by 86 per cent to £748,000 in the half-year to end-April, on turnover of £12.3m. This followed its acquisition of Westcott, which makes jeans, shirts and ties.

Babygro's finance director resigned shortly after the publication of its results for the year to end-October.

In March, a compulsory purchase order was served on one of its Republic of Ireland factories. Mr Eric Peacock, chairman, said yesterday it would be possible to relocate the plant at other factories in the Republic. The order was expected, though not mentioned in the prospectus, at the time of the placing last year.

House Property loss of £339,000 after write-down

After writing down the value of certain assets, House Property Company of London moved into a net loss of £339,000 in 1987, compared with s profit of £105,000.

That led to a loss per share of 33.88p (earnings 10.52p), but the dividend is held at 9p, with an unchanged final of 6p. Tax credited was £133,000 (charged £42,000).

The write-down was taken with due regard to market considerations, specifically referring to investments in House of Holland and Houseplan (2000). Net losses on dealing actitivities came to £572,000 (profits £164,000).

The new board said it was reviewing the company's activities and planned to make substantial changes to the way it operated. A search had started for e range of profitable projects and the board was confident that would lead to a return to profitable trading.

Lloyds Chemists purchase

In a move to consolidate it as the UK's second largest retail chemist, Lloyds Chemists has boosted the number of its outlets to 244 with the acquisition of Bannister & Thatcher. B&T operates 24 chemist stores in the Midlands, Lloyds' heartland, although Lloyds maintains that there is virtually no overlap between the sites of the two chains.

Lloyds has entered into four conditional contracts to acquire the four companies that comprise B&T for an aggregate consideration of £3.7m, to be satisfied by £3.04m in cash and the issue of 532,626 new 5p ordinary shares.

B&T showed adjusted pre-tax profits (to February 29 for two of the B&T companies and March 31 for the other two) of £135,000 on sales of £7.36m. Net tangible assets at the 1988 year-end were £1.2m.

Clayform buys more of Stead

Clayform, property group, which is bidding £108.1m for Stead & Simpson, shoe retailer and motor trader, yesterday announced that it has picked up further shares taking its holding to 610,314 ordinary (voting) shares, or 38.14 per cent. It also has 11.25 per cent of the non-voting "A" shares.

By Wednesday, valid acceptances had been received in respect of only 0.02 per cent of Stead's ordinary shares. The increased offer, which has been declared final in the absence of a competing bid emerging, has been extended.

Skyway expansion

Skyway Group, north west-based motor company, will open its third Ford main dealership in Erdington, Birmingham on August 1. The finance, totalling £500,000, has been provided jointly by Gresham Trust and Investors in Industry Liverpool.

CASE $2m order

CASE Group, the UK computer systems company on the receiving end of a £57m bid from Gandalf Technologies, the Canadian computer networking company, yesterday announced that it had received an additional $2m order from Bell Canada. A spokesman for the company said that the order illustrated CASE's ability to win business in North America without Gandalf's help.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Burtonwood Brew....fin	2.54	-	2.3*	3.16	2.93*
Daejan Holdings ....fin	11	-	12	19	17
First Security ....fin	3.3	Sept 15	2.7	5	4.2
Fitch Lovell ....fin	8	Oct 3	7.5	12	11.3
Hampson Inds ....fin	1.25	–	0.83*	1.65	1.15
House Property ......fin	6	-	6	9	9
Hughes Food § ....fin	1.25†	Oct 21	0.5	1.5	0.5
Logitek ....fin	1.8	-	1.3	2.7	1.3
Monks & Crane § ...fin	2	-	2	3.2†	3.1
Russell (Alex) ....fin	1.4	-	1.22	1.94	1.76
Waterglade Intl ......fin	2.5	–	–	4	–

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market.

BOARD MEETINGS

TODAY

Interims- Clyde Blowers, Egerton Trust, Glass Glover, Hambro Eurobond & Money Mkt Fund, Sycamore.

Finals- Aberdeen American Petroleum, Bristol Evening Post, Evans of Leeds, First Chicago, Whitney Mackay-Lewis, Wintrust.

FUTURE DATES

Interims-

British Petroleum	Aug 11
Central Motor Auctions	July 14
Evans Halshaw	Aug 22
General Cons Inv Trust	July 13
IMI	Sept 6
Parkdale	July 12
Trade Indemnity	Sept 7

Finals-

Fleming Technol Inv Trust	July 20
Havelock Europa	July 27
Mainmet	Aug 1
Merrydown Wine	July 29
Moorgate Inv Trust	July 13
Porter Chadburn	July 21
Rust & Tomkins	July 13
Wintrust	July 8
Wyko	July 12

COMPANY NEWS IN BRIEF

AMEC: Of the 83.26m new 6.5p cumulated convertible redeemable preference shares provisionally allotted in its rights issue, 65.07m (about 78.1 per cent) were taken up. The balance has been sold on the Stock Exchange at 100.5p per share.

BAA obtained a full listing on the Toronto Stock Exchange in respect of its ordinary capital. Dealings started on July 5. At the time of its offer-for-sale in July last year 10m BAA ordinary were provisionally placed with Wood Grundy for private placement in Canada.

GARDNER MERCHANT, the international contract catering division of Trusthouse Forte, has made its first move into the Australian catering market with the acquisition of Melbourne-based Imperial Food Services for an undisclosed sum.

PEGASUS GROUP is selling its Days Office Supplies subsidiary to the Coleman Group for £445,000 cash.

REED INTERNATIONAL has been granted clearance by the Department of Trade and Industry for its acquisition of the consumer magazines division of International Thomson.

ROTORK (valve-control manufacturer) said it believed Oceanside Investments had increased its shareholding to 4.95 per cent. An initial 3.5 per cent stake by the group linked to Mr Ahmed Abdullah was discovered on Wednesday.

W A TYZACK has sold the hand tools business of Tyzack Turner for between £310,000 and £350,000 dependent on stock valuation. Proceeds will be used for group expansion. The buyer is Spiralux Hand Tools, part of the recently formed Home Improvements Industries.

UK COMPANY NEWS

Hampson up 51% and calls for £5m

By Clare Pearson

Hampson Industries, the fast growing West Midlands industrial group, yesterday announced better than expected annual pre-tax profits and e £4.94m underwritten rights issue to fund further growth.

Acquisitions and organic growth lifted pre-tax profits by 51 per cent to £4.28m for the year ended March 31 1988, compared with £2.83m previously. Turnover rose from £31.57m to £43m.

Mr John Wardle, chairman, said: "Not only have our traditional core businesses had a good year but all recent acquisitions did and continue to do better than we possibly dared hope. The current year has started exceptionally well."

Hampson is involved in diverse businesses including precision engineering, industrial cleaning, bulk handling machinery, and printing equipment.

The rights issue is 5.16m cumulative 6.5 per cent convertible redeemable 5p preference shares, which will be offered at £1 to ordinary holders on a one-for-eight basis. The effective conversion price is about 76.92p per ordinary share.

The directors will not be taking up their rights to subscribe for about 37.4 per cent of the issue.

Proceeds will be used for further acquisitions, development of existing activities, and payment of deferred amounts due on companies recently taken into the group.

There is no profits breakdown in the preliminary statement between existing businesses, and Kenmart, the printing machinery concern, and Swiftshield, the window manufacturer, both of which were bought last summer.

However, the deferred payment to Kenmart indicates it made about £1.1m in its financial year ended last November, against £800,000 in the previous year.

The final dividend is 1.25p (1p), giving a 44 per cent increase to 1.65p for the full year.

After tax of £1.52m (£1.06m) and minorities of £5,000 (£4,362), earnings per share came out 41 per cent higher at 7.07p (5.01p).

ISSUE NEWS

Convertible issue and rise to £4.6m at Waterglade

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Waterglade International, property development company, yesterday announced a sharp rise in pre-tax profits and at the same time made an issue of convertible preference shares to raise £12.8m.

Pre-tax profits of £4.59m for the year to end-March compared with actual earnings of £1.4m for the previous year and the pro forma earnings of £3.1m stated at the time of Waterglade's listing in April 1987.

The directors have declared e final dividend 2.5p, making 4p for its first year since quotation. Earnings per share were 13.38p.

The company has expanded significantly over the past year – its development programme has tripled in size to a completion value of £150m. Concern that this might leave the company undercapitalised has led to the convertible preference share issue.

The preference shares, which were sub-underwritten yesterday morning, were offered at par on the basis of three convertibles for every five ordinaries. Conversion can take place in September in each of the years between 1990 and 2003 on the basis of 58.65 ordinaries for every £100 nominal of preference stock.

After full conversion, the issue will account for 26 per cent of the enlarged Waterglade capital. The conversion price is equivalent to 170.5p a share. Just before the announcement the Waterglade shares were trading at 155p.

Waterglade had been considering e rights issue but gave up this choice in favour of a convertible issue in the face of the large number of equity offerings in property companies now going through the market.

The proceeds of the issue will be used to help the funding of the development programme. At the same time a wider equity base will enable Waterglade to retain a higher portion of its developments and ease future investment purchases.

This second aim is part of a wider trend among property development companies to find a stronger asset base for the underpinning of their development programmes.

Over the past year, Waterglade has increased profits on the back of the sale of a warehouse park and residential property land at Clacton, Essex, further lettings at its shopping centre in Ealing, West London and the sale of a development in the City of London.

Its recent purchases have included a shopping centre et Orpington, Kent and a site at West Thurrock, Essex, for development of an industrial park. The company programme is focused around London rather than within it.

National Telecom has £30m price tag

By Philip Coggan

National Telecommunications, the telephone systems group, is joining the main market in an offer-for-sale valuing the company at just under £30m.

The company distributes telephone management equipment for the small business sector, particularly the so-called PBXs, which route calls within offices. It also designs its own range of PBXs which it markets under the "London" brand name.

Two years ago, National Telecommunications acquired Ansafone, which rents and maintains answering machines. It has closed down Ansafone's manufacturing operations but has built up the company's maintenance work.

Barclays de Zoete Wedd is offering 9.25m shares- 37 per cent of the equity- at 120p each. Applications are invited for a minimum of 200 shares by the closing date of July 14.

After pre-tax losses in the previous three years the company made e profit of £1.86m in 1986/7 and £2.91m last year, on turnover of £19.5m. The shares are being offered on a fully diluted historic p/e of 12.5; the notional gross dividend yield is 2.2 per cent.

A comment will appear with the prospectus in tomorrow's paper.

Bucknall Austin to join USM valued at £7.5m

BY FIONA THOMPSON

Bucknall Austin, quantity surveyor, is to join the Unlisted Securities Market via e placing valuing the company at £7.5m.

Albert E Sharp is placing 1.78m shares, representing 26 per cent of the enlarged equity, at 110p. Existing shareholders are selling 75,000 shares and 1.7m new shares are being issued which will raise £1.65m for the company.

Bucknall's origins date from a quantity surveying practice set up in 1947 by Charles Bucknall, who was joined in partnership in 1963 by his son David Bucknall, the group's current chairman. Satellite partnerships were formed in Newcastle-upon-Tyne, Sheffield and London in the 1970s and partnerships acquired in Birmingham, Leeds and London during the next decade. In 1985 a corporate management structure was introduced. The new money raised will be used to pay off debts incurred by the equity partners at the time of the incorporation.

The group is now one of the UK's largest quantity surveyors with 341 staff. It acts in three capacities for the construction industry, as quantity surveyors, construction cost consultants, and project managers. It has 15 offices, including three in London, grouped into three regions: northern, Midlands and southern. A subsidiary, BAMP, was set up in 1986 to deal with the fast growing project management activities.

The company has grown in the past five years from operating profits of £382,000 for the year to end April 1984 to £1.36m for 1988. Pre-tax profits in 1988 were £788,000, putting the shares on an historic p/e of 12.

David Bucknall – followed his father into the partnership

D Bryant and NCV to merge and make rights

BY CLARE PEARSON

TROUBLED USM-quoted Derek Bryant Holdings is being absorbed by NCV Group Holdings, its fellow insurance broker, through a reverse takeover and the new company, to be known as D G Durham Group, plans to raise £3.19m through e rights issue.

Derek Bryant has been seeking a merger partner for some time to counter reliance on the US. It lost about half its income there two years ago when Lloyds underwriters refused to carry on underwriting truckers' liabilities insurance. Lower reinsurance income and currency movements compounded the problems.

NCV has interests in marine, crop, travel and professional insurance with sources of business spanning the UK, US and mainland Europe.

Derek Bryant said that e merger with the company would broaden its activities both in terms of the types of risk placed, and the geographical spread.

The NCV vendors are likely to end up with the vast majority of the enlarged share capital when the deal with Derek Bryant is complete. The consideration to them is being satisfied by the issue of 10.22m ordinary shares. The rights issue is of 6.39m new ordinary shares, offered to ordinary shareholders on a one-for-two basis, at 50p per share.

All but one of the vendors have undertaken to take up their entitlements under the rights issue; at the same time, some of the directors are underwriting the balance of the issue.

In the year to end-December, Derek Bryant suffered e pre-tax loss of £687,000. The company says conditions have deteriorated further since that date. In the year to end-October, NCV achieved pre-tax profits of £535,000 on turnover of £5.35m.

Christie Group in £33.7m debut

By Philip Coggan

Christie Group, specialist business agency, has revealed details of its main market flotation. Cazenove is placing 5.81m shares, 25 per cent of the equity, at 145p each, giving the company a market capitalisation of £33.7m.

Christie specialises in the valuation, buying and selling of businesses, particularly in the catering, health care, leisure and retail markets. After incurring a small pre-tax loss in 1985, profits last year rose to £3.54m on turnover of £17.23m. At the placing price, the shares are on a historic p/e of around 13.5.

The group has e 91 per cent interest in VR Business Brokers of Boston, Massachusetts. VRBB is currently involved in 43 lawsuits or arbitration proceedings dating from the period before Christie invested in the group. The company has set aside a reserve of $750,000 (£436,000) to cover litigation costs.

Norish for main market valued at I£22.4m

By Philip Coggan

Norish, an Irish food storage and distribution company, is to join the main market. Brown Shipley is placing 1.76m shares, 22.4 per cent of the equity, at I 286p (247p) each, valuing the company at I£22.4m (£19.3m).

The company has been listed on the Dublin Stock Exchange since 1986 and existing shareholders will be entitled to apply for the placing shares, on a two-for-11 basis. However, one of the reasons behind the placing is to widen the company's shareholding base; accordingly shareholders owning 61.8 per cent of the equity have agreed not to take up their entitlements.

Norish was established in 1975 to operate a food storage centre in County Monaghan, Irish Republic, and it has since added further centres in County Kilkenny, Craigavon in Northern Ireland and (via an acquisition earlier this year) Bury St Edmunds in Suffolk.

Recently, Norish has moved into distribution with the purchase of Belfast-based Keenfoods and it hopes to build national networks of food storage and distribution in both the UK and the Republic.

Pre-tax profits have grown from £704,000 in 1983 to £2.46m last year while turnover has risen from £1.59m to £13.63m over the same period. Those figures do not include a contribution from West Suffolk, which made profits of £326,000 last year.

Based on last year's earnings, the shares are being placed on e p/e of just under 10; the gross dividend yield is 5.6 per cent.

Growth slows at First Security as profits rise 23%

BY DAVID COHEN

First Security Group, Hampshire-based electronic sensors and car safety specialists, boosted pre-tax profits 23 per cent to £2.5m for the year to April, on turnover up 17 per cent to £14.9m.

The rise lagged behind the interim increase of 30 per cent and failed to sustain last year's profit growth of 50 per cent. Nevertheless, the results were in line with analysts' expectations and the share price moved ahead 5p to e new high of 342p.

The final dividend was increased to 3.3p (2.7p), for a total payment of 5.0p (4.2p). Earnings per share advanced 12 per cent to 17.5p. As reported at the interim stage, costs associated with the abortive acquisition of Hawtal Whiting of £270,000 have been written off below the line.

Dr Fred Westlake, chairman, said the year was spent consolidating the business and fostering important relationships with major automotive players such as General Motors and Lotus. "This is an important foundation which will come through strongly. We are now set to motor," he said.

The fourth-quarter acquisitions, Humanetics, Los Angeles dummy maker and FDES, fire security company, came too late to affect the figures. However both are reportedly trading above expectations.

The fire division reaped benefits from its more aggressive marketing activities and closed the year with record order books but the security division's new range of products have yet to perform in what is a competitive market.

The directors will shortly ask shareholders to approve a name change to First Technology to reflect better the group's business.

UK COMPANY NEWS

Fitch Lovell lifts profits to £28m

BY NIKKI TAIT

Fitch Lovell, the food manufacturing and distribution group, yesterday announced a 20 per cent increase in pre-tax profits to £27.8m in the 53 weeks to end-April. The previous period covered 52 weeks.

The strongest growth came on the distribution side, where pre-interest profits rose by 62 per cent to £11.8m, on sales up from £178.9m to £234.4m. Manufacturing businesses made an operating profit of £18.1m, compared with £16.1m, on sales of £295.7m (£253.6m).

The figures, however, included property profits of £1.3m, compared with £600,000 in the previous period.

According to Fitch, the distribution division saw a strong performance from its catering services side, which now accounts for 60 per cent of sales. However, on the specialist distribution front, Blue Cap had a tough year because of start-up costs on new contracts. Auguste Noel, the cheese wholesaler, suffered in the second half; a couple of multiples switched sourcing arrangements, and the Australian cheddar agency was lost. Accordingly, the subsidiary is being closed.

On the manufacturing front, margins at the Trent meat operations were hit by high raw material prices – costing around £1m, according to analysts. However, all the convenience food subsidiaries fared well as did the fish businesses.

Gearing by the year-end stood at around 40 per cent, and the company said it would still be comfortable if this rose to 50-55 per cent. The interest charge went up from £374,000 to £2.35m.

After a 28.5 (26.5) per cent tax charge, earnings were 13 per cent higher at 24.9p. Extraordinary items cost £3.97m (£2.35m) and covered various closures on the meat and cheese wholesaling sides. There is a final dividend of 8p, with a scrip alternative; that makes 12p (11.3p) for the year.

● comment

Fitch's profits were at the upper end of City forecasts, but that was partly because of the property element and the shares, at 298p, failed to budge yesterday. The 28 per cent operating profit improvement is slightly misleading, given the influence of property profits and acquisitions. According to the company, underlying organic growth on distribution was a healthy 30 per cent, and on manufacturing – after the meat problems – about 10 per cent. Analysts are looking for some improvement on the latter score in the current year – rationalisation costs are hopefully complete – and the fish businesses are faring well. That said, distribution should lead the way for some time yet. With a reputation of being a yield-stock, Fitch may not win many friends with its modest 6 per cent dividend increase, even though this is justified by the need to improve cover. Still, for incoming investors the yield is fairly generous, and if forecasts of £32m for the current year are correct, the prospective multiple is a shade under 11. That looks about average and about right – unless, of course, the age-old bid speculation is revived.

All-round growth boosts Logitek

ALL THREE divisions within the Logitek group enjoyed success and contributed to a pre-tax profit of £2.06m for the year ended March 31 1988.

It was achieved on turnover of £21.4m, and compared with the previous £1.19m from sales of £12.8m. The group distributes computer equipment.

Earnings advanced to 11.49p (7.72p) and the final dividend is 1.8p for a total of 2.7p (1.3p).

Technical services division saw maintenance contracts doubled, while the dealer side doubled its network to 1,200 and reached agreements with a number of new suppliers.

One of the highlights in corporate sales was the entry into the defence market.

Hughes Food jumps to £5.02m

Hughes Food Group, acquisitive USM-quoted company, saw pre-tax profits more than doubled in the year to April 1 1988. On turnover of £50.73m, against £25.77m, taxable profits improved from £2.01m to £5.02m.

Mr John Hughes, chairman, said the growth was set to continue with the present year starting well. All divisions were trading in line with budget and another satisfactory year was seen.

Earnings per 5p share were 5.1p (2.5p) and the directors are proposing a final dividend of 1.25p making a total for the year of 1.5p, against a single payment last time of 0.5p.

The tax charge was £1.69m (£599,000) and minorities took £21,000 (£3,000).

Production at the Omega factory was increasing, the company said, and would make a contribution to the present year's profits. The £5m purchase of Eurocon Packaging last month would provide scope for expansion for the food services division.

The Humberside-based company came to the market in July 1986 since when it has expanded rapidly through a series of acquisitions. It now has interests to fish and food processing, cold storage and food processing machinery. The Eurocon purchase would form the basis of a new packaging division.

Monks stable despite reorganisation

Reorganisation at Monks & Crane has been completed and pre-tax profits of the group which distributes industrial consumables, engineers' tools, and safety equipment have been maintained.

Despite the adversity of withdrawing from retail sales, this USM-quoted group held its profit at £2m for the year ended March 31 1988. Retail losses had now been eliminated and the volume was being replaced by profitable industrial end-user sales, the directors stated.

Cost of reorganisation had been heavy but necessary "in creating a viable and profitable base", they stressed.

They were confident that the strong levels of trading could be sustained and be more profitable. Branches were busy and they had high expectations for the current year.

Turnover grew to £39.3m (£28.65m) and the gross profit to £7.87m (£6.1m). But the increase was offset by higher distribution costs of £1.4m (£1m) and administration expenses £4.25m (£2.9m). Earnings per 10p share were down to 7.4p (10.7p) and the final dividend is 2p for a 3.2p (3.1p) total.

In the tools distribution, the original core businesses would take advantage of improved prospects. At Fixings Delivery and H.E.L.D. the prospects were excellent; a new range of products, branded Profix and primarily British-sourced, would increase sales potential.

Weir set to participate in turbo drilling joint venture

BY GRAHAM DELLER

The Weir Group, Glasgow-based engineer, is to acquire a half-share in Neyrfor Drilling Services, the turbo drilling subsidiary of Alsthom, French engineering group.

The joint venture, to be known as Neyrfor-Weir, will become the holding company for the present turbo drilling operations of Alsthom and Weir.

Turbo drilling is a comparatively recent technical development in oil and gas exploration and development which is utilised in very deep and deviated wells and particular geological formations.

Under a complex agreement, Alsthom will receive some £6.83m from Neyrfor-Weir, comprising £5m on completion, with the balance payable a year later.

The deal will enable Weir to expand existing activities in the oil industry. Both the Weir and Alsthom drilling activities currently operate at a loss, but the new arrangements, according to Weir, should give substantial opportunities for the rationalisation of operations and for cost savings.

FT LAW REPORTS

Credit card payment is absolute

RE CHARGE CARD SERVICES LTD

Court of Appeal (Sir Nicolas Browne-Wilkinson, Vice-Chancellor, Lord Justice Nourse and Lord Justice Stuart Smith): July 4 1988

A CREDIT card payment accepted by the supplier of goods, discharges the price unconditionally; and the buyer therefore cannot be required to pay again in cash on the credit company's failure to honour its obligations to the supplier.

The Court of Appeal so held when dismissing an appeal by Copes Service Station Ltd and other garages, from Mr Justice Millett's decision ([1986] 2 FTLR 385) that £2m collected from credit card-holders by the liquidator of a credit company belonged to the respondent, Commercial Credit Services Ltd, as assignee of all the company's receivables.

SIR NICOLAS BROWNE-WILKINSON V-C, giving the judgment of the court, said that the credit company ran a scheme for the purchase of petrol from approved garages.

The company ceased to trade on January 21 1985 and went into creditors' voluntary liquidation. It owed substantial sums to garages which had supplied fuel in return for vouchers signed by fuel card-holders. There were also substantial sums owing to the company from card-holders. Under a factoring agreement the company had assigned all its receivables to Commercial Credit.

The liquidator had collected over £2m from the card-holders. It had been paid into a separate account pending determination of the question as to whom they belonged.

The garages said the sums collected by the liquidator belonged to them as representing payments of purchase price. Commercial Credit contended they represented debts due from card-holders to the company, of which they were assignees.

Mr Justice Millet rejected the garages' claim. He held that Commercial Credit was absolutely entitled to the monies. The garages appealed.

The fuel card scheme was constituted by two bilateral contracts, the contract between the garage and the company (the "franchise agreement"), whereby the garage undertook to honour the company's fuel card; and the contract between the card-holder and the company (the "subscriber agreement"), whereby the card-holder authorised the company to pay for fuel and to debit him for the price.

A third contract, (the "forecourt agreement") was made between the card-holder and the garage. It was an oral agreement made when petrol was put into the tank.

Mr Potts for the garages contended that when a method of payment was adopted involving risk of non-payment by a third party, there was a general presumption in law that acceptance of that method was conditional on the third party making the payment.

His argument was founded on the law applicable to cheques, bills of exchange and letters of credit.

It was common ground that where a debt was "paid" by cheque or bill of exchange, there was a presumption that such payment was conditional on the cheque or bill being honoured. If it was not honoured the condition was unsatisfied and the purchaser's liability to pay the price remained. There was a similar presumption applicable to payments made by letter of credit.

No such general principle could be detected from the authorities.

Each method of payment had to be considered in the light of the consequences and other circumstances attending that type of payment. When, as with credit cards, a new form of payment was introduced applicable to new circumstances, it was necessary to consider whether it should be treated as absolute or conditional in the light of its consequences and circumstances.

The question whether acceptance of the fuel card by the garages was conditional or absolute payment depended on the terms of the forecourt agreement, since that was the only contract made between the garage and the card-holder.

The sale contract was made by putting the fuel in the tank before the parties met. Tender of the card and signing the voucher was often conducted in complete silence. Although both garage and card-holder were in general aware that some underlying contract existed between the garage and the company, and the card-holder and the company, neither was aware of the exact terms of the contract to which they were not a party.

Therefore, the terms of the forecourt agreement had to be inferred from the surrounding circumstances known to the parties.

At the time of the agreement it was almost inconceivable that either party addressed its mind to the question of what the position would be if the company did not pay the garage. There had to be some term regulating the legal effect of acceptance of the card. The correct approach in such a case was that the court should seek to infer from the parties' conduct and the surrounding circumstances what was the fair term to imply.

A sale using the fuel card did not differ in any material respect from an ordinary credit card sale. The one peculiarity (that the sale contract took place when the tank was filled and not, as in a supermarket, at the till) did not make any relevant difference.

The card-holder knew that if he signed the voucher the garage would be entitled to receive payment for the petrol which would fully discharge his liability for the price. The garage knew that on signing the card-holder rendered himself liable to the credit company to pay the price of the petrol.

Before entering into the forecourt agreement both parties had entered into their respective contracts with the company and their underlying assumption must have been that on completion of the sale of the petrol by use of the card, their future rights and obligations would be regulated by those contracts. Also, in the majority of cases the garage had no record of the customer's address and no ready means of tracing him.

All those factors pointed clearly to the conclusion that, quite apart from any special feature of the fuel card scheme, the transaction was one in which the garage was accepting payment by card in substitution for payment in cash, ie an unconditional discharge of the price.

The garage, knowing that the card-holder was bound to pay the company and knowing it was entitled to payment from the company, must be taken to have accepted the company's obligation to pay in place of any liability on the customer to pay the garage direct.

Two additional features pointed the same way. First, under the franchise agreement the company undertook to provide a guarantee of its obligations to the garage. That was not honoured, but its inclusion supported the view that in the event of the company being unable to pay, the garage was looking for payment not to the customer but to the guarantor behind the company.

Secondly, neither party could have envisaged that the card-holder would have to pay twice – once to the company and again to the garage.

Payment by credit card was normally to be taken as an absolute, not a conditional, discharge of the buyer's liability. The particular features of the case supported that conclusion.

For the garages: Robin Potts QC and Michael Todd (Sebastian Coleman & Co for Wragge & Co, Birmingham)

For Commercial Credit: John Chadwick QC and Richard Gillis (Cameron Markby)

For the liquidator: Richard Hacker (Alsop Wilkinson)

Rachel Davies
Barrister

APPOINTMENTS

Joining Storehouse

Mr Ian Hay Davison, fresh from his overhaul of the Hong Kong Stock Exchange and chairman designate of CL Alexanders Laing and Cruickshank, has been appointed a non-executive director of STOREHOUSE. Also joining the board as non-executive directors are Mr Christopher Bland, chairman of London Weekend Television, and Ms Margaret Downes, a member of the court and director of the Bank of Ireland.

★

IVORY & SIME has appointed Mr Richard Muckart as director of sales and investment development in the recently-formed financial services division.

★

Mr Ray Treen has taken over as general manager and chief executive officer of CORNHILL INSURANCE. He was a director and deputy general manager, and is on the boards of most of the company's subsidiaries.

★

Mr Dennis Rose has been appointed a non-executive director of INDUSTRIAL FINANCE AND INVESTMENT CORPORATION (IFICO). He is managing director of Nursing and Health Care Services, which is 50 per cent owned by IFICO.

★

STOY HAYWARD has appointed as partners: Mr Simon Bevan, Mr Tony Bogod, Mr Roger Hughes, Mr Don Hutchinson, Mr Peter Melton, Mr Rick Sopher, Mr Nick Taylor, Mr Andrew Walters, and Mr Simon Whittaker.

★

Dr Tony Ledwith has been appointed director of research of PILKINGTON GROUP RESEARCH. He was deputy director of group research and development. He is a non-executive director of Pilkington Glass.

★

Mr Tim Holland-Bosworth is rejoining the board of KLEINWORT BENSON on August 30. He will join the group business development team and will concentrate on corporate finance in the UK. He was head of UK corporate finance at Prudential-Bache which he joined last year. Prior to that he has been a director of Kleinwort Benson since 1973.

★

BANK OF AMERICA has appointed Mr James Baird as manager of its London branch export credit group. He joins from the export finance department of Banque Paribas, London.

★

The following have been promoted to director at MILLER CONSTRUCTION: Mr Michael Ashworth, Mr Malcolm Crozier, Mr John Evison, Mr Alan Lamb, Mr Robert Mackie, Mr Douglas Scott and Mr Thomas Talbott. Three boards of management have been formed. Mr Niven Kelly becomes managing director of Scottish operations; Mr Bernard Reading managing director of building, England; and Mr Kenneth Williams managing director of civil engineering, England. The company is part of the Miller Group.

★

Mr John MacKenzie has been appointed to the board of CHRISTIE-TYLER. He is chairman of Sleepeezee, a subsidiary.

★

Mr D.H.L. Hopkinson has become chairman of HARRISONS & CROSFIELD. He succeeds Mr T. Prentice, who retires from the board on July 14, but has been appointed life president of the company.

★

Mr Roy Rose has been appointed marketing and business development director of ORGANISED OFFICE DESIGNS, a new post. Before joining OOD he was marketing and design director of Vickers furniture.

★

Mr Vernon Murphy, operations director, Gatwick Airport, becomes managing director designate, SCOTTISH AIRPORTS, on August 1, and will take up the new post later in the year. Dr Gordon Watson, present managing director of Scottish Airports, which owns and operates Glasgow, Edinburgh, Prestwick and Aberdeen Airports, is retiring. Both companies are part of the BAA group.

★

Mr James Bird, chairman of Petbow, has been appointed chairman of KENT SCIENTIFIC AND INDUSTRIAL PROJECTS, an industrial liaison company wholly-owned by Kent University.

★

Mr Graham Wood has been appointed a director of HARVARD SECURITIES.

★

Mr R. Geoffrey Sanderson has been appointed a director of STANDARD CHARTERED MERCHANT BANK.

★

Mr Jack Shebson, a senior manager and company secretary of BANK LEUMI (UK), has been appointed general manager of FIBI BANK (UK) on the retirement of of Mr A. Sidney Rosen as managing director. Mr Shebson, a solicitor, will take up the post in mid-August, and Mr Rosen remains a non-executive director of the bank after he retires on August 31. FIBI Bank (UK) is a wholly-owned subsidiary of The First International Bank of Israel.

UK meeting bill for farm fraud, committee says

BY BRIDGET BLOOM, AGRICULTURE CORRESPONDENT

BRITAIN, as a net contributor to the European Community budget, is meeting the costs of error and fraud of other member states in the operations of the common agricultural policy, an influential British parliamentary committee has alleged.

In a report* published yesterday, the Public Accounts Committee says it believes the extent of fraud involved in agricultural trade within the EC and between the Community and other countries has been underestimated. For as long as there is no common system of reporting irregularities, some countries, including Britain, will end up paying for the misdemeanours of others, it says.

The PAC report, based on a study published earlier this year by the National Audit Office, notes that the regulations governing the import and export of commodities that fall within the scope of the CAP are so complex that they leave considerable room for distortion, exploitation and fraud.

The precise extent of such irregularities cannot be assessed, however, partly because of the very complexity of the regulations they are designed to subvert, and partly because the 12 EC states do not have a common reporting system.

It is clear that figures produced by the European Commission are unrealistic, the report says. These show that between 1980-85, while Germany reported 583 irregularities, costing Ecu 48.2m (£32m) and Britain reported 130 incidents at a cost of Ecu 2.8m, Greece reported only two incidents and Luxembourg none at all.

"Either the basis of reporting is incorrect or there is under-reporting," the report suggests. It urges Britain's agriculture ministry to "press vigorously for the introduction of a reliable and uniform basis for reporting CAP irregularities so that member states can assess the extent that CAP funds are misused."

The PAC also chides both the British Customs and Excise and the Intervention Board for Agricultural Produce for lax procedures, including insufficient inspection of goods, in regard to trade in CAP commodities.

IBAP, which is responsible for administering CAP regulations within the UK, is criticised for allowing a backlog to build up by May 1987 of over 80,000 claims for export refunds. These are sums which the EC pays to make commodities like cereals competitive on world markets.

The PAC report notes that IBAP has had problems installing new computers as well as a shortage of staff – principally because it is unable to pay rates competitive with other employers in the Reading area. However, quoting IBAP officials, it says that these problems were expected to be solved by June 1988, resulting in a "satisfactory service" for refund payments.

However, the UK Grain and Feed Trades Association yesterday reported no improvement. Ms Maria Cappuccio, a Gafta official, said the backlog remained, with delays of up to 90 days in payment of refunds.

Gafta claims British exporters are losing out to French competitors, who waited a maximum of 42 days last season and who would open this season with only a 15-day delay. This could mean a $3-4 a tonne advantage, Ms Cappuccio said.

**30th Report from the Committee of Public Accounts. External Trade Measures for Agricultural Produce. HMSO £4.70*

Grain levy court ruling comes under fire

A RULING from the European Court that a Community tax on cereals is being unfairly applied will create more problems than it will solve, the UK Agricultural and Supply Trade Association has claimed, writes Bridget Bloom.

Mr Ross Crawford, Ukasta's vice president, said yesterday that the new ruling, which has been welcomed by sections of the animal feed trade, will create yet more loopholes in the application of the levy.

The so-called co-responsibility levy, which is designed to contribute to the cost of storing and disposing of surplus EC cereals was introduced in 1986. It was increased from 3 per cent to 6 per cent on July 1.

Mr Crawford said that the ruling, instead of evening out inequalities between farmers and feed suppliers, would further exaggerate them. The only real solution would be to abolish the levy altogether and lower the price of cereals, if that was felt necessary for budgetary reasons.

In the past, farmers who grow and mix their own feed have been exempted from the levy, while those who buy pre-mixed feed have had to pay it.

The effect of the judgment has been to extend the exemption to feed compounders who process grain directly for the farmer who produces it.

However, Ukasta says that this creates more discrimination, since livestock farmers who grow no grain will now have to pay the levy, while those who grow grain and raise cattle will be exempt. This will give the latter – who tend to be bigger, lowland farmers – an unfair advantage, it claims.

Tin Council members consider rescue plan

INTERNATIONAL TIN Council members have proposed setting up a trust fund to keep its administration afloat after the freezing of its assets by the UK High Court, reports Reuter from Kuala Lumpur.

Mr Lim Keng Yaik, Malaysia's Primary Industries Minister, said: "The staff and the efficiency of the ITC should not suffer as a result. We should and will be able to find ways and means of working out a solution."

But he admitted that there could be problems with the proposal because ITC is being sued for debts arising from the collapse of its price support operation in October 1985.

Of the court decision the Malaysian minister said: "It's a setback, but not the end. We will keep on attending meetings until we overcome this problem."

He said the executive council of the Association of Tin Producing Countries, due to meet in Kuala Lumpur next week to review supply control agreements, will discuss the matter.

He said Malaysia, the world's biggest tin producer, had its own proposals for overcoming the ITC's problems

● *Unctad, the UN Conference on Trade and Development*, may step in to collect tin statistics in the aftermath of the ITC's financial collapse, Mr Graham Shanley, an official of the organisation said yesterday.

"With the International Tin Council ceasing operations, there will be a gap in its function of publishing and collecting statistics," he said.

"Unctad is studying possible ways of filling this gap as an interim measure pending the outcome of the UN Tin Conference being convened here in November with a view to setting up an international tin study group."

Christopher Bobinski on investment and price constraints

Poland's sulphur industry feels the pinch

SULPHUR OUTPUT in Poland, which reached 4.9m tonnes last year, keeping the country among the world's top producers and exporters, looks set to fall in the next few years, threatening deliveries to the home market as well as Comecon.

The fall is expected as impending capital spending restrictions have undercut the industry's hopes of winning Government support to finance the second stage of a new mine under construction at Osiek in the south.

This comes amidst doubts whether the Soviet Union, in the light of its own plans to produce an additional 2m to 3m tonnes of sulphur a year in Astrakhan, will still want to import the annual 800,000 tonnes it now buys from Poland.

Polish producers, who sell around 80 per cent of their sulphur abroad, have at the same time been complaining behind the scenes that the prices they get within Comecon are far too low compared with their hard currency earnings.

In 1984 the Government gave Osiek the go-ahead in a two-tiered decision which foresaw output from the borehole mine reaching 330,000 tonnes in its first stage and a final capacity of 1.3m tonnes early in the 1990s.

The project was designed to replace falling output from nearby Grzybow which came onstream in 1966 and was still producing around 1m tonnes a year and is due for closure by 1995.

But construction delays, problems with securing supplies of machinery as well as environmental objections from local councils then set against having heated water from Osiek pumped into the Vistula River nearby, have already put the project back by over two years.

Also rising costs and growing opposition inside the government to heavy industrial investment mean that Mr Eugeniusz Gutman, in charge of Osiek, now admits he has "just about lost hope" that the second stage is feasible.

Instead he has had to go along with local demands and redesign installations for recycling and reheating the water used to pump up the sulphur from the ground and he now plans a final capacity for Osiek of 400,000 tonnes a year.

"Our sulphur industry is a dependable supplier to Western Europe and North Africa," Mr Gutman declared, implying that any resulting production shortfalls won't affect these important markets. This month, for example, deliveries of the Polish product to the liquid sulphur terminal at Runcorn in Britain will reach the 4m-tonne mark.

At Ciech, Poland's foreign trading company which deals with sulphur, officials are reticent about the effect which the Astrakhan project may have on future Soviet orders in Poland. But the Poles do point out that the Soviet Union has not provided credit for Osiek, implying a lack of Soviet interest in maintaining present production levels in the future.

This is in contrast to other customers from Comecon, like Czechoslovakia, which imports an annual 300,000 tonnes from Poland, who have provided finance which is to be repaid with sulphur deliveries.

At the same time Poland's continuing economic reforms mean that producers are being forced more and more to look to ways of financing their own developments and to show a profit.

But the unchanged Comecon pricing system as well as Poland's exchange rate policy, which favours sales to the West, means that lower returns on deliveries to East Bloc customers are growing increasingly irksome.

For example, at the end of last year another Polish sulphur mine, Jeziorko, which produces 3.3m tonnes a year, was earning around Zl 12,000 (£15) for every tonne sold to Comecon, while hard currency sales were earning the mines over Zl 28,000 per tonne.

Mr Gutman, who also manages the Grzybow mine, maintains when questioned that he has no complaints about the situation as the average of the Comecon and hard currency prices still gives him a handsome margin over costs.

But with energy prices rising fast in Poland and the costs of hot water making up around 70 per cent of the costs in the borehole mine the pressure on the Government to achieve changes in Comecon pricing policy is growing.

The demise of the Haitian Creole pig

Wendy Tyndale explains why Haiti's peasants are clamouring for the return of their traditional livestock

"WE WANT our Creole pigs back" is the impassioned rallying cry for Haitian peasants deprived since the early 1980's of their traditional porkers. Massive demonstrations have been staged this year to support a petition with 300,000 signatures to the Ministry of Agriculture, but the pleas have met with little sympathy from the Government.

According to local development organisations, the importation of Creole pigs from other Caribbean islands would run counter to the US plan for Haiti.

The problem dates back to 1978, the year that African swine fever was detected in the Artibonite Valley. At that time some 850,000 small farmers and landless peasants in Haiti owned about 1.2m Creole pigs, but by July 1981, the spread of the disease had cut that figure in half.

It was then that the US and Canada stepped in with 80 per cent funding for a $23m programme to kill every single Haitian pig. By August 1983, even the 112 animals which had been kept in isolation on the island of La Tortue with a view to repopulation later, had been slaughtered. The Haitian Creole pig, or "cochon-planche," was virtually extinct.

Repopulation began almost at once but only with breeds imported from the US, mostly Yorkshire, Duroc and Hampshire.

These "improved" breeds have obvious advantages. It is possible to obtain quickly and at a relatively modest cost a large number of breeding stock with all desirable sanitary guarantees. The pigs are bigger, produce more piglets and have better quality meat than the types of Creole pig which could have been imported from other Caribbean islands.

So what is the peasants' problem? "You have to give the white pigs a table napkin before they will eat their lunch," one peasant woman complained. The white pigs are too "chic" to be able to adapt to the conditions of peasant husbandry.

The American breeds need regular proteins so they must be fed on wheat bran imported from the US. They do not like the heat and have to live in styes with cement walls. Even in hygienic conditions they need constant veterinary care. They cannot walk far so have to be transported to market.

All in all these "superior" types of pig make impossible demands on peasants who themselves have insufficient to eat, have little or no medical care and live in houses made of bamboo or mud.

The "cochon-planche" was much tougher. Little is known about its genealogy except that it was probably introduced to the Caribbean by the Spanish in the 17th century. Over the centuries it had adapted to tough, rustic conditions. It was able to live on scraps, leaves, fruit and grubs and it did not need much water. It lived outside unaffected by the tropical heat.

The eradication of the "cochon planche" has had serious social consequences for the rural population of Haiti. With an investment of $10 in a piglet, within 15 months the animal would be worth $180. It is no coincidence that the same word is used in Creole for "pig" and for "bank".

If there was sickness or a death in the family, if school books had to be bought or if a journey had to be made, a pig could be slaughtered.

According to an expert of the Inter-American Institute of Agriculture Co-operation by 1986 Haitian pig breeders had suffered losses of up to $500m and school attendance had dropped by 50 per cent in the worst-hit areas.

Some people in Haiti say that the Haitian Government has been pursuing a sensible policy of raising the quality of the pig stock and that it would be a "step backwards" to reintroduce a "degenerate" breed of rustic pig. If kept in the right conditions, there is no doubt that the American pigs bring in greater profit, but since the majority of the Haitian people have not got sufficient capital to buy or to rear white pigs, it means leaving the poor to benefit from a doubtful "trickle down" effect from a technical advance in the hands of an elite.

The policy of pig imports into Haiti must be viewed in the context of the US economic plan for Haiti.

In several USaid documents a clear policy is outlined of ending all investment in food production in Haiti itself. The rationale given is the inefficiency of Haitian agriculture where too many peasants are producing on tiny, over-worked plots. At the moment 70 to 80 per cent of food for internal consumption in Haiti is grown by peasant farmers. USaid experts are saying that 400,000 hectares must be taken over from the small producers to grow flowers and fruit for the external market.

The numbers of the existing 800,000 to 1m landless peasants will thus be increased and Haiti will become more and more dependent on food aid from US surpluses. It is clear that a plan which makes the peasant redundant renders their pigs superfluous too.

The Haitian market is being inundated with third and fourth category American pork, leaving a space for local producers of only high-quality meat – from white pigs. So, even if the peasants eventually get their pigs back, they may not be able to sell them.

Wendy Tyndale is head of the Latin American and Caribbean group at Christian Aid.

Rain and hail devastate Portuguese crops

BY PETER WISE IN LISBON

UNSEASONAL HEAVY rain and hail has destroyed half of Portugal's grain harvest and seriously damaged other crops, plunging farmers into financial crisis and confronting the Government with unexpected balance of payments pressures.

The Minister for Agriculture, Mr Alvaro Barreto, said grain production was expected to fall to 450,000 tonnes compared with 900,000 tonnes last year. This could force Portugal to spend an extra Es 20bn (£80m) on imported cereals.

Mr Anibal Cavaco Silva, the Prime Minister, has warned that the havoc wreaked by the weather will have a serious impact on the whole economy as Portugal, already importing more than half its food needs, is obliged to purchase more grain at prices elevated by the US drought.

An Agricultural Ministry working group has been appointed to assess the extent of the damage and recommend specific action by July 31. Emergency measures are expected to centre on special credit lines to provide farmers with sufficient funds to prepare for the next harvest. Portugal has also appealed for European Community aid to help overcome the crisis.

Initial estimates indicate that torrential rains and hail since early June have destroyed 80 per cent of the hay and cherry harvests, 60 per cent of potatoes, tobacco and horticultural crops and 50 per cent of wine grapes, olives and tomatoes.

The bad weather has struck hardest in four of Portugal's main farming regions – the Ribatejo and Alentejo in the south and centre, the Beira Interior and the Tras-os-Montes in the north east – where many small farmers are reported to be facing ruin if they do not receive financial support.

Although the outlook is improving, farmers fear more rain this month would aggravate the problem to crisis proportions. The loss of the tomato crop, one of Portugal's chief agricultural exports, is already expected to cost jobs in the canning and pulping industries.

The climate has dealt an unexpected blow to Portugal's backward agriculture where productivity is below half the EC average even though 21 per cent of the work force are employed on the land. The calamity will drain vital resources needed to modernise farming over a ten year transition period before Portugal has to comply fully with the Common Agricultural Policy.

A central problem is that of reducing government subsidies that keep prices paid to Portuguese farmers at more than twice those received by their European competitors. The destruction of this year's cereal harvest, however, has forced the Government to guarantee the purchase of below standard grain at top prices.

WORLD COMMODITIES PRICES

LONDON MARKETS

Silver bullion briefly breached the important $7 a troy ounce barrier yesterday. Traders said it was the main beneficiary of worries about inflation as the oil price rose in response to the North Sea disaster and consequent cuts in output. Profit-taking cut the silver price to $6.96 by the close, up 18 cents from Wednesday. Gold also lost some of its bearish look and broke through $440 a troy ounce during the day. Dealers said it was aided by good trade and professional interest. By the close, however, gold had eased back to $438.75, up $1.50. Meanwhile, in spite of expectations that union members at Curragh Resources' Faro lead-zinc mine in the Yukon would vote yesterday to end their strike over pay and conditions, the price of both metals, but particularly zinc, remained firm on the London Metal Exchange. Cash zinc rose by £10.50 to £730 while three-months metal increased by £14.50 to £709.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$13.57-3.67z	+0.82
Brent Blend	$15.45-5.65	+1.00
W.T.I.(1 pm est)	$15.95-6.00z	+0.60
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$178-181	+2
Gas Oil (Soviet)	$135-136	+5
Heavy Fuel Oil	$68-70	+3.5
Naphtha	$147-150	+4.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$438.75	+1.50
Silver (per troy oz)♣	696c	+10
Platinum (per troy oz)	$575.00	+20.15
Palladium (per troy oz)	$127.00	+2.40
Aluminium (free market)	$2825	+80
Copper (US Producer)	109⅝-110c	
Lead (US Producer)	38c	
Nickel (free market)	680c	-20
Tin (European free market)	£4205	+5
Tin (Kuala Lumpur market)	18.54r	
Tin (New York)	332.5c	
Zinc (Euro. Prod. Price)	$1337.5	
Zinc (US Prime Western)	65⅝c	
Cattle (live weight)†	112.49p	+2.33*
Sheep (dead weight)†	189.77p	+31.50*
Pigs (live weight)†	71.69p	+3.95*
London daily sugar (raw)	$372x	+33
London daily sugar (white)	$348x	+25
Tate and Lyle export price	£329.5	+20.0
Barley (English feed)	£107q	
Maize (US No. 3 yellow)	£146.75	
Wheat (US Dark Northern)	£132x	
Rubber (spot)♥	74.00p	-1.25
Rubber (Aug)♥	80.00p	-1.75
Rubber (Sep)♥	80.25p	-1.75
Rubber (KL RSS No 1 Aug)	354.5m	-4.0
Coconut oil (Philippines)§	$710y	+15
Palm Oil (Malaysian)§	$580	
Copra (Philippines)§	$480	+15
Soyabeans (US)	£233	+4
Cotton "A" index	68.95c	+0.15
Woolltops (64s Super)	654p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Jul/Aug. s-Aug/Sep. z-Aug. q-Sep. w-Oct. y-Sep/Oct. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Jly	970	952	977 968
Sep	982	967	987 968
Dec	984	974	987 974
Mar	994	980	997 981
May	1006	1008	1012 1003
Jul	1025	1027	1031 1021
Sep	1046	1045	1051 1043

Turnover: 7413 (4630) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for July 6: 1239.50 (1231.30) .10 day average for July 7: 1217.37 (1212.25)

COFFEE £/tonne

	Close	Previous	High/Low
Jly	1008	1056	1065 1053
Sep	1077	1080	1090 1077
Nov	1091	1102	1100 1090
Jan	1110	1116	1123 1115
Mar	1125	1130	1135 1130
May	1148	1150	1160 1150
Jul	1170	1172	

Turnover: 2265 (2350) lots of 5 tonnes
ICO indicator prices (US cents per pound) for July 6: Comp. daily 1979 113.40 (112.78); 15 day average 116.50 (116.87).

SUGAR $ per tonne

Raw	Close	Previous	High/Low
Aug	319.00	325.00	345.00
Oct	305.80	315.40	326.80 294.00
Dec	381.60	310.60	
Mar	291.00	280.40	310.00 286.00
May	285.80	297.00	306.00 293.00
Aug	284.00	294.00	
Oct	279.00	290.00	297.00
White	**Close**	**Previous**	**High/Low**
Aug	330.00	337.00	345.00
Oct	324.00	331.50	345.00 395.00
Dec	324.00	332.00	341.00 341.00
Mar	322.00	330.00	398.00 329.00
May	322.00	332.00	332.30 323.00

Turnover: Raw 11904 (10018) lots of 50 tonnes; White 3122 (3442).
Paris- White (FFr per tonne): Aug 1965, Oct 1935, Dec 1940, Mar 1945, May 1950, Aug 1950

GAS OIL $/tonne

	Close	Previous	High/Low
Jul	135.75	130.25	137.00 131.75
Aug	134.75	129.50	136.25 131.00
Sep	135.75	129.50	136.75 131.25
Oct	137.25	131.00	137.25 132.50
Nov	137.75	132.00	138.00 133.25
Dec	140.00	133.50	140.00 157.50
Jan	140.00	134.25	138.50 137.75

Turnover: 15580 (9452) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Jly	107.00	107.15	107.75 107.50
Sep	108.00	107.50	108.50 108.00
Nov	110.50	110.00	111.05 110.50
Jan	113.40	112.70	113.70 113.40
Mar	115.60	115.10	116.15 115.60
May	118.15	117.75	118.85 118.16
Barley	**Close**	**Previous**	**High/Low**
Sep	103.15	102.85	103.90 103.15
Nov	105.10	105.70	106.50 106.10
Jan	109.10	108.70	109.60 109.10
Mar	111.60	111.15	111.00
May	113.00	112.75	113.05 113.00

Turnover: Wheat 287 (170), Barley 71 (55) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 1,400 tonne
Cash	2840-60	2860-80	2810	2820-30		
3 months	2760-80	2580-600		2740-50	2750-70	6,783 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 15,225 tonne
Cash	1575-80	1520-5	1585	1585-8		
3 months	1534-5	1475-7	1545/1505	1519-20	1532-3	54,184 lots
Copper, Grade A (£ per tonne)						Ring turnover 30,825 tonne
Cash	1350-5	1315-20	1335/1330	1330-3		
3 months	1308-9	1274-5	1310/1284	1291-3	1308-10	70,166 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1295-305	1270-80		1275-85		
3 months	1260-70	1235-45		1250-5		39 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	693-6	672-5		693-6		
3 months	703-9	685-8		706-9	710-5	567 lots
Lead (£ per tonne)						Ring turnover 5,775 tonne
Cash	381-2	379-81	380.5	380-1		
3 months	381.5-2.5	377-8	384/379	381-2	379-80	12,880 lots
Nickel ($ per tonne)						Ring turnover 666 tonne
Cash	14800-5000	14800-5000	15000	14800-700		
3 months	14450-575	14440-50	14350/14200	14200-300	14500-600	6,654 lots
Zinc (£ per tonne)						Ring turnover 10,150 tonne
Cash	729-31	719-20	714/713	712-4		
3 months	708.5-9.5	694-5	714/689	691-2	713-4	23,872 lots

POTATOES £/tonne

	Close	Previous	High/Low
Nov	86.2	87.5	86.0 85.0
Feb	97.0	98.0	
Apr	151.7	131.8	131.5 130.5
May	143.5	143.8	

Turnover: 231 (296) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Aug	190.00	187.60	195.00 194.00
Oct	189.00	186.50	194.50 186.50
Dec	191.00	188.00	197.00 189.00
Feb	194.00	190.50	
Apr	193.00	191.50	199.50 190.00

Turnover: 679 (307) lots of 100 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Jly	1192	1212	1210 1192
Aug	1242	1265	1250 1235
Oct	1366	1372	1370 1360
Jan	1393	1390	1395 1380
Apr	1406	1415	1420 1406
BFI	1186	1200	

Turnover: 265 (238)

FRUIT AND VEGETABLES
Raspberries are now plentiful, at 50-70p a ¼ lb (90p-£1.20), while top quality homegrown strawberries remain 40-75p a ½ lb, reports FFVIB. Cherries from the US and Turkey are more widely available £1.10-1.60p a lb (£1.20-1.80p), while new arrivals this week include New Zealand york imperial apples 30-60p a lb and red emperor grapes from Australia 70p-£1.00. Cauliflowers are abundant at 30-60p each (35-50p), and homegrown broad beans are 25-50p lb (30-60p). Several homegrown crops are available for the first time this season including new crop onions 14-24p a lb, courgettes 40-60p and runner beans £2.80-3.00. Tomatoes are 35-55p (40-60p). Other salad vegetables, round lettuce 17-75p each, iceberg lettuce 35-75p, cucumbers 25-55p and spring onions 20-45p a bunch.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	440-440½	256-256½
Opening	438½-439	255½-256
Morning fix	438.15	255.543
Afternoon fix	440.9	256.352
Day's high	441½-442	
Day's low	436¾-438¼	
Coins	**$ price**	**£ equivalent**
US Eagle	453-458	264-267
Mapleleaf	453-458	264-267
Britannia	453-458	264-267
Krugerrand	439-442	255½-257½
1/2 Krug	229-235	133⅝-138⅝
1/4 Krug	114-122	66⅝-71
Angel	452-457	263¼-266¼
1/10 Angel	48-51	28¼-29¼
New Sov.	103½-104½	60-60¾
Old Sov.	103½-106	60-61
Noble Plat	579.35-86.55	337.4-341.6

Silver fix	p/fine oz	US cts equiv
Spot	404.15	694.50
3 months	414.30	708.45
6 months	424.30	722.35
12 months	445.55	762.85

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sept	Nov	Sept	Nov
2500	435	390	111	165
2550	344	311	167	222
2600	266	244	236	302
Aluminium (99.5%)	**Calls**		**Puts**	
2400	376	358	89	184
2550	295	284	150	258
2700	212	223	236	340
Copper (Grade A)	**Calls**		**Puts**	
2100	256	228	92	138
2200	189	180	134	187
2300	152	140	185	244

US MARKETS

Heavy fund selling and trade long-liquidation saw the grains and soybean complex fall to limit-down, despite lack of significant rainfall in the U.S. growing areas, reports Drexel Burnham Lambert. The fall was attributed in the main to technical factors and as a possible reaction to government moves to allow an increase in plantings for the 1989 crops. Pork bellies were limit-up in the nearby contracts, but lower in the backs on short-covering and spread activity. Cattle and hogs were similarly higher in nearby contracts on cash strength, but lower in the backs in response to the weakness in the grain markets. Energy futures began the day strong on speculative short-covering and trade buying as a result of a combination of factors including an explosion on a North Sea oil rig and A.P.I. statistics showing a draw-down of stocks, especially in the gasoline. Profittaking emerged later in the day to pare gains. Precious metals held barely steady in early trading on fund, local and light trade buying which touched off stops. But trade selling at the highs coupled with a sell-off in the crude oil saw prices decline towards the close.

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low
Aug	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low
Aug	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000; cents/lbs

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)

DOW JONES (Base: December 31 1974 = 100)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lb

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar stays in narrow range

THE DOLLAR is unlikely to break out of its recent trading range at least until the release of US trade figures for May, due a week today, most dealers agreed yesterday.

Trading volume in London was modest at best, in contrast to a very active session earlier in Tokyo, where the dollar had been pushed down on reports - later dismissed by the US Treasury department - that the US administration was unhappy with the dollar's recent rise.

Dealers suggested that the dollar's improvement appeared to be sustainable for the time being. But a further appreciation may not be well received by the US, given the continued trade imbalance between the US and its major trading partners, and a build up of inflationary pressure in nations running a trade surplus.

Early attempts in London to push the dollar weaker succeeded only in breaking one or two minor support levels, and with the Bank of Japan and the US Federal Reserve Board not selling dollars, the softer tone was soon halted. However the drop in trading volume has left many investors reluctant to open new positions.

The start of trading in New York failed to provide any fresh impetus, and the dollar remained within the narrow trading range previously established in Europe, but down from Wednesday's close.

US unemployment figures are due for release today but are not expected to create much of a stir, unless markedly different from a forecast 225,000 increase in non-farm employment.

The dollar closed at DM1.8165 down from DM1.8230 and Y131.70 compared with Y133.60. It was also weaker against the Swiss franc at SFr1.5100 from SFr1.5125, and FFr6.1125 against FFr6.1300. On Bank of England figures, the dollar's exchange rate index fell from 97.5 to 97.0.

Sterling was left on the sidelines for much of the day. It was underpinned by the recent rise in UK interest rates, but failed to break through a key resistance level of DM3.1250. Nevertheless, investors were attracted by the high level of return offered on UK investments, and this demand seems likely to keep the pound firm, at least until the release of US trade figures next week.

The pound's exchange rate index of 75.4 was the same as the opening and little changed from Wednesday's close of 75.5.

Sterling was unchanged against the D-Mark and French franc at DM3.1200 and FFr10.4975 respectively. It was firmer against the dollar at $1.7175 from $1.7125 but lost ground to the yen, closing at Y226.25 from Y228.75. Against the Swiss franc it rose to SFr2.5925 from SFr2.5900.

A sharp fall in Euro-yen rates restored the interest rate differential in favour of Euro-marks in early trading yesterday and this helped the D-Mark to move up from an opening level of Y72.47 to Y72.56 by midday. However this was still below its seven week high of Y74.03 touched on Monday and Tuesday's close of Y73.34. It closed at Y72.52. after Euro-yen rates came back in the afternoon to finish just above Euro-mark rates.

Elsewhere the D-Mark continued to lose ground. The Bundesbank sold a nominal $3.3m at the fixing and further modest amounts in open trading, but this was insufficient to provide any real support for the D-Mark. While the dollar finished weaker, the D-Mark was viewed with a similar lack of relish. Investors were reluctant to place funds in West German equities and bonds, and the D-Mark consequently lost ground against most of its EMS partners.

£ IN NEW YORK

July 7	Latest	Previous Close
£ Spot	1.7130-1.7135	1.7170-1.7180
1 month	0.29-0.28pm	0.30-0.29pm
3 months	0.85-0.82pm	0.91-0.89pm
12 months	2.92-2.82pm	2.98-2.88pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 7	Previous
8.30 am	75.4	75.4
9.00 am	75.4	75.3
10.00 am	75.4	75.4
11.00 am	75.4	75.5
Noon	75.4	75.6
1.00 pm	75.4	75.5
2.00 pm	75.4	75.5
3.00 pm	75.4	75.6
4.00 pm	75.4	75.5

CURRENCY RATES

July 7	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.764516	0.666332
U.S. Dollar	[illegible]	1.31061	1.14476
Canadian $	[illegible]	1.58191	1.37852
Austrian Sch.	[illegible]	16.7695	14.6231
Belgian Franc	6¼	50.0030	43.4808
Danish Krone	7½	9.03403	7.88910
Deutsche Mark	3	2.38924	2.07693
Neth. Guilder	3½	2.69066	2.33874
French Franc	9½	8.09995	6.99390
Italian Lira	12½	1772.83	1541.42
Japanese Yen	2½	175.229	150.982
Norway Krone	8	8.68934	7.55712
Spanish Peseta	-	158.662	137.657
Swedish Krona	8½	8.21490	7.17077
Swiss Franc	2½	1.98361	1.72687
Greek Drach.	20½	N/A	166.688
Irish Punt	-	0.889273	0.773904

*All SDR rates are for July 6

CURRENCY MOVEMENTS

July 7	Bank of England Index	Morgan** Guaranty Changes %
Sterling	75.4	-17.3
U.S Dollar	97.0	-10.3
Canadian Dollar	84.9	-2.0
Austrian Schilling	135.0	+9.9
Belgian Franc	98.3	-5.8
Danish Krone	90.6	+1.4
Deutsche Mark	144.9	+21.0
Swiss Franc	169.3	+21.6
Guilder	133.5	+13.7
French Franc	69.9	-14.0
Lira	45.4	-20.8
Yen	240.0	+76.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100) **Rates are for July 6

OTHER CURRENCIES

July 7	£	$
Argentina	15.2985-15.3935	0.9100-0.9600
Australia	2.1370-2.1400	1.2435-1.2445
Brazil	343.60-345.50	200.10-201.10
Finland	7.4310-7.4440	4.3280-4.3300
Greece	248.05-252.35	144.60-147.05
Hong Kong	13.4115-13.4280	7.8120-7.8140
Iran	119.50*	69.50*
Korea(Sth)	1243.65-1253.65	728.40-734.40
Kuwait	0.48380-0.48430	0.28180-0.28190
Luxembourg	65.30-65.40	38.00-38.10
Malaysia	4.4890-4.5005	2.6160-2.6180
Mexico	3921.60-3927.35	2284.00-2286.00
N. Zealand	2.4875-2.4925	1.4470-1.4490
Saudi Ar.	6.4395-6.4450	3.7505-3.7515
Singapore	3.5060-3.5125	2.0400-2.0420
S. Af (Cm)	4.0095-4.0250	2.3380-2.3395
S. Af (Fn)	5.9520-6.0565	3.4640-3.5250
Taiwan	49.40-49.65	28.75-28.85
U.A.E.	6.3056-6.3110	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4808	+2.41	+1.15	±1.5344
Danish Krone	7.85212	7.88910	+0.47	-0.79	±1.5404
German D-Mark	2.05853	2.07693	+0.89	-0.37	±1.0981
French Franc	6.90403	6.99390	+1.30	+0.04	±1.3674
Dutch Guilder	2.31943	2.33874	+0.83	-0.43	±1.5012
Irish Punt	0.768411	0.773904	+0.71	-0.55	±1.6684
Italian Lira	1483.58	1541.42	+3.90	+3.18	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

July 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7160-1.7195	1.7170-1.7180	0.31-0.28cpm	2.06	0.89-0.84pm	2.01
Canada	2.0675-2.0760	2.0705-2.0715	0.16-0.06cpm	0.64	0.32-0.20pm	0.50
Netherlands	3.50¾-3.52	3.50¾-3.51¾	1½-1⅜cpm	5.77	4⅝-4⅜pm	5.34
Belgium	65.20-65.50	65.30-65.40	21-18cpm	3.58	61-56pm	3.58
Denmark	11.83½-11.86½	11.83½-11.84½	2-1¼orepm	1.65	5½-4⅞pm	1.60
Ireland	1.1600-1.1640	1.1610-1.1620	0.29-0.23cpm	2.69	0.85-0.65pm	2.58
W. Germany	3.11½-3.12½	3.11½-3.12½	1½-1⅜pfpm	5.77	4⅜-4¼pm	5.45
Portugal	254.25-255.85	254.70-255.70	15-43cdis	-1.36	85-174cdis	-2.03
Spain	206.40-207.30	206.40-206.90	par-13cdis	-0.35	15-27dis	-0.41
Italy	2310½-2315½	2310½-2311½	1-3lirdis	-1.04	4-6dis	-0.87
Norway	11.31½-11.38½	11.32½-11.33½	3½-3½oredis	-3.51	9-9⅝dis	-3.29
France	10.49¼-10.50½	10.49¼-10.50¼	2⅝-2¼cpm	2.57	6½-6¼pm	2.43
Sweden	10.73¾-10.77½	10.74¾-10.75¾	¼-½oredis	-0.35	½-1¼dis	-0.30
Japan	225¾-227	225¾-226¾	1⅛-1ypm	5.64	3⅛-3pm	5.41
Austria	21.90-22.00	21.90-21.95	10½-9¼gropm	5.61	31¼-27¼pm	5.38
Switzerland	2.58¾-2.59¾	2.58¾-2.59¾	1½-1¼cpm	6.36	4⅛-3⅞pm	6.17

Belgian rate is convertible francs. Financial franc 65.65-65.75. Six-month forward dollar 1.73-1.68cpm 12 month 3.05-2.95pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

July 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7160-1.7195	1.7170-1.7180	0.31-0.28cpm	2.06	0.89-0.84pm	2.01
Ireland†	1.4740-1.4805	1.4795-1.4805	0.16-0.22cdis	-1.54	0.25-0.40dis	-0.88
Canada	1.2030-1.2065	1.2045-1.2055	0.13-0.16cdis	-1.44	0.44-0.47dis	-1.51
Netherlands	2.0410-2.0456	2.0440-2.0450	0.66-0.64cpm	3.81	1.76-1.72pm	3.40
Belgium	37.95-38.10	38.00-38.10	6-4cpm	1.58	17-13pm	1.58
Denmark	6.88½-6.91	6.89¼-6.89¾	0.10dis-0.40pm	0.44	0.10dis-0.40pm	0.15
W. Germany	1.8130-1.8170	1.8160-1.8170	0.57-0.54pfpm	3.66	1.61-1.57pm	3.50
Portugal	148-148½	148¼-148¾	25-55cdis	-3.23	100-200dis	-4.04
Spain	120.15-120.95	120.25-120.35	20-30cdis	-2.49	65-75dis	-2.32
Italy	1344-1347½	1345¾-1346¼	2.80-3.50lirdis	-2.81	9.10-10.10dis	-2.85
Norway	6.57¾-6.63¼	6.59¼-6.59¾	3.00-3.15oredis	-5.57	8.75-8.95dis	-5.35
France	6.10½-6.12	6.11-6.11½	0.35-0.15cpm	0.49	0.75-0.55pm	0.42
Sweden	6.25-6.27¼	6.25¾-6.26¼	1.22-1.32oredis	-2.43	3.85-3.65dis	-2.27
Japan	131.45-131.90	131.65-131.75	0.43-0.40ypm	3.78	1.17-1.13pm	3.49
Austria	12.75¼-12.80¼	12.77½-12.78	4.00-3.00gropm	3.28	12.00-10.00pm	3.44
Switzerland	1.5055-1.5105	1.5095-1.5105	0.58-0.55cpm	4.49	1.65-1.60pm	4.31

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.20-38.30.

EURO-CURRENCY INTEREST RATES

July 7	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9⅞-9⅝	9¾-9⅝	9⅞-9¾	10⅛-10	10⅜-10¼	10½-10⅜
US Dollar	7⅞-7⅝	7¾-7⅝	7⅞-7¾	8⅛-7⅞	8⅜-8¼	8⅝-8⅜
Can. Dollar	9¼-9	9¼-9	9⅜-8⅞	9⅝-9⅜	9⅞-9⅝	10⅛-9⅞
D. Guilder	4⅝-3⅞	4⅛-3⅞	4¼-4⅛	4⅜-4¼	4⅝-4½	4⅞-4⅝
Sw. Franc	3½-3⅜	3½-3⅜	3½-3⅜	3⅝-3½	3¾-3⅝	3⅞-3¾
Deutschmark	4⅛-4⅛	4⅛-4⅛	4⅜-4¼	4⅝-4½	4⅞-4¾	4⅞-4¾
Fr. Franc	7⅛-7⅛	7⅛-7⅛	7⅜-7⅛	7⅜-7¼	7⅝-7½	8-7⅝
Italian Lire	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: [illegible] 9⅛-9¼ per cent [illegible]

EXCHANGE CROSS RATES

July 7	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.483	0.830	1.507	109.3	5.070	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.530	2.629	4.774	346.3	16.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Mood hit by uncertainty

MARKETS DO not move ahead on uncertainty, and there was a considerable amount of nervous anxiety on the Liffe market yesterday, after the news of a major disaster in the North Sea, destroying an oil rig and leading to the shutdown of six oil fields.

The price of North Sea crude rose on the news, but the lack of oil production in the immediate future could have implications for the UK balance of payments, at a time when the trade position is worsening.

Dealers said the end result was almost impossible to predict at present, but the news had come at a bad time, with market confidence already shaken by the recent trade picture, and fears about rising inflation.

There was a general weakening of sterling interest rate contracts, but trading remained subdued.

The immediate outlook for sterling was also regarded as less than encouraging. The pound reached a short term target of DM3.1250 on Tuesday, and appears unlike to improve on that level in the short term, according to dealers.

Sentiment was also hit by the dismal performance overnight of US Treasury bonds, and the failure of US Treasuries to improve in early trading yesterday.

The weak opening in Chicago yesterday reflected concern about the dollar, and whether it is about to enter a period of renewed weakness. The market was also nervous ahead of today's figures on US unemployment and non-farm payrolls.

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE FT-SE INDEX FUTURES OPTIONS; LIFFE £/$ OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE SHORT STERLING; PHILADELPHIA SE £/$ OPTIONS; LONDON SE £/$ OPTIONS

[illegible]
[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT; 7-10 YEAR 9% NOTIONAL GILT; 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND; THREE MONTH STERLING; FT-SE 100 INDEX; THREE MONTH EURODOLLAR; US TREASURY BONDS; CURRENCY FUTURES; POUND-$ (FOREIGN EXCHANGE); IMM-STERLING

[illegible]
[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT); U.S. TREASURY BILLS (IMM); SWISS FRANC (IMM); JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); THREE-MONTH EURODOLLAR (IMM); STANDARD & POORS 500 INDEX

[illegible]
[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	[illegible]
[illegible]	[illegible]
ROBECO P	Fl 95 [illegible]
UNILEVER C	Fl 110 / 658 / 2.70 / 108 / 7 / 11 / 9.20 / Fl 112
UNILEVER P	Fl 110 / 87 / 0.90 / 52 / 4.50 / - / - / Fl 112
WESSANEN C	Fl 75 / 28 / 2.20 / 17 / 5 / 5 / 7.20 / Fl 77.10

TOTAL VOLUME IN CONTRACTS : 40,204

A=Ask B=Bid C=Call P=Put

MONEY MARKETS

Little change

THERE WAS little change in interest rates on the London money market yesterday. Sterling held firm, in spite of the possible implications for Britain's balance of payments from the North Sea oil explosion.

Mr Nigel Lawson, Chancellor of the Exchequer, said the balance of Britain's exchange and interest rates is now more comfortable than in the spring.

The interest rate market showed little reaction and three-month interbank finished unchanged at 10⅛-10 p.c.

UK clearing bank base lending rate 10 per cent from July 4

The Bank of England forecast a money market shortage of around £250m, and provided total assistance of £210m.

The authorities did not operate in the market before lunch, but in the afternoon bought £20m Treasury bills in band 1 at 9⅞ p.c. Late assistance of £190m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £262m, with a rise in the note circulation absorbing £75m. These factors outweighed Exchequer transactions adding £50m to liquidity, and bank balances above target of £20m.

In Paris Mr Pierre Beregovoy, French Finance Minister, said a cut in French interest rates should not be delayed too long. He argued that there is room for a cut in French rates on the basis of the differential with West Germany.

Mr Beregovoy said that with French inflation at 2.5 p.c. and a Bank of France money market intervention rate of 7 p.c., the real interest rate in Paris is 4.5 p.c., while in West Germany the real interest rate level is only 2.5

Referring to the upward direction of German rates, Mr Beregovoy said, "We are not obliged to do exactly the same thing, when we start from a situation which is not comparable." In Frankfurt credit conditions remained tight. Call money firmed to 4.40 p.c. from 4.375 p.c., as banks bid for funds to build up their reserves.

Recent action by the Bundesbank, buying D-Marks against the dollar, has sucked funds out of the domestic money market. This has not been fully compensated by the net injection of DM4.3bn from the Bundesbank's securities repurchase agreement tender this week.

Banks are said to be worried that the drain on liquidity, caused by central bank intervention on the foreign exchanges, will cause problems in meeting this month's reserve requirements.

FT LONDON INTERBANK FIXING

[illegible]
[illegible]

MONEY RATES

NEW YORK (Lunchtime); Treasury Bills and Bonds

[illegible]
[illegible]

LONDON MONEY RATES

[illegible]
[illegible]

BASE LENDING RATES

	%		%		%
ABN Bank	10	Citibank NA	10	Nat Bk of Kuwait	10
Adam & Company	10	City Merchants Bank	10	NatWestminster	10
AAB - Allied Arab Bk	10	Clydesdale Bank	10	Northern Bank Ltd	10
Allied Irish Bank	10	Comm. Bk N. East	10	Norwich Gen. Trust	10
Henry Ansbacher	10	Co-operative Bank	*9½	Provincial Bank PLC	11
ANZ Banking Group	10	Coutts & Co	10	R. Raphael & Sons	10
Associates Cap Corp	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
Authority Bank	10	Dunbar Bank PLC	10	Royal Bk of Scotland	10
B & C Merchant Bank	10	Duncan Lawrie	10	Royal Trust Bank	10
Banco de Bilbao	10	Equatorial Bank plc	10	Smith & Williman Secs.	10
Bank Hapoalim	10	Exeter Trust Ltd	10½	Standard Chartered	10
Bank Leumi (UK)	9	Financial & Gen. Sec	10	TSB	9½
Bank Credit & Comm	10	First National Bank Plc	10	UDT Mortgage Exp	‡9.4
Bank of Cyprus	10	● Robert Fleming & Co.	10	United Bk of Kuwait	10
Bank of Ireland	10	Robert Fraser & Ptnrs.	11	United Mizrahi Bank	10
Bank of India	10	Girobank	10	Unity Trust Bank Plc	10
Bank of Scotland	10	Grindlays Bank	10	Western Trust	10
Banque Belge Ltd	10	● Guinness Mahon	10	Westpac Bank Corp.	10
Barclays Bank	10	HFC Bank plc	10	Whiteaway Laidlaw	10½
Benchmark Bank PLC	10	● Hambros Bank	10	Yorkshire Bank	10
Berliner Bank AG	10	Heritable & Gen Inv Bk	10		
Brit. Bk of Mid East	10	● Hill Samuel	§10		
● Brown Shipley	10	C. Hoare & Co.	10		
Business Mtge Tst	10	Hongkong & Shangh	10		
CL Bank Nederland	10	Lloyds Bank	10		
Central Capital	10	Meghraj Bank Ltd	10		
● Charterhouse Bank	10	Midland Bank	10		
		Mount Bnkg Corp.	10		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 4.53% Savewise 7.16%. Top Tier-£10,000+ instant access 9.0% ‡ Mortgage base rate. § Demand deposit 5.0%. Mortgage 9.125% - 9.5%

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Amer Spec Sits	5 63 50	63 40	67.52	—	1.47
European Growth	5 18.50	18.36	19.55	—	1.28
International	5 92.83	92.83	98.86	—	1.00
Japan	5 138.6	138.6	147.6	—	0.01
Pacific	5 220.8	220.0xd	234.3	—	0.20
Secs of America	5 190.0	190.0xd	202.3	—	1.00
W'wide Asset Val	5 26.68	26.68	28.41	—	1.06
Specialist Trusts					
Asset Value	5 319.6	322.4xd	343.3	—	2.90
Conv & Gilt	5 39.60	40.17	42.77	—	5.83
Smaller Co's	5 170.3	170.3xd	181.3	—	2.23
2nd Smaller Co's	5 194.9	194.9	207.5	—	1.90
Recovery	5 101.5	101.5	108.0	—	2.89
Met Min & C'dty	5 112.3	112.3	119.58	—	1.39
O'seas Earnings	5 210.2	210.2xd	223.8	—	3.13
Technology	5 89.09	89.09	94.88	—	1.36
UK Special Sits	5 263.1	263.1	280.2	—	2.50

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 01-493 8111

Progressive Inc	5 £15.58	£15.90	16.70	—	1.26
Progressive Acc	5 £21.07	£22.31	23.55	—	1.26
International Inc	5 £16.22	£16.22	17.12	—	1.68
International Acc	5 £20.12	£20.12	21.23	—	1.68
Can & Foreign Inc	5 188.8	188.8	199.3	+3.1	0.92
Can & Foreign Acc	5 210.4	210.4	218.6	—	0.93
Special Sits Inc	5 162.7	162.7	172.2	—	2.39
Special Sits Acc	5 162.7	162.7	172.2	—	2.39

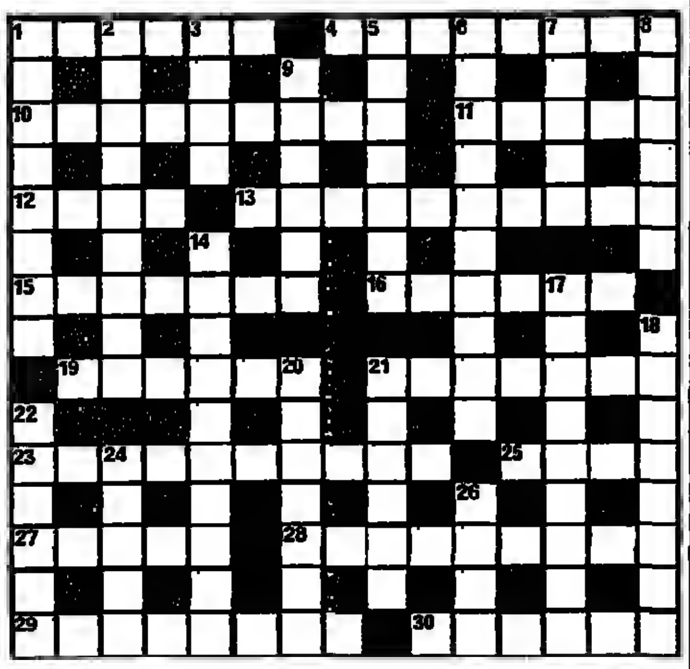
Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 01-248 4400

Brewin Capital	5½ 183.1	194.2xd	206.5	—	1.52
Brewin Dividend	5½ 98.37	102.9	109.4	—	5.71
Brewin Int Gth Inc	5½ 208.3	218.9xd	232.8	—	3.52

Do (Accum)	5 [illegible]	698.06	742.61	-1.92	4.40
Intl Technology	5 188.82	188.82	200.81	-1.69	2.31
Do (Accum)	5 197.67	197.67	210.28	-1.73	0.31
Japan Growth	5 104.28	104.28	110.72	+1.27	0.01
Do (Accum)	5 104.64	104.64	111.10	+1.28	0.01
Master Trust	5 40.98	40.98xd	43.59	-0.06	1.33
Do (Accum)	5 41.75	41.75xd	44.41	-0.07	1.33
N American & Gen	5 109.36	110.06	117.09	-1.34	1.25
Do (Accum)	5 120.00	120.84	128.56	-1.47	1.25
N Inc Sm Cos & Rec	5 58.50	59.15	62.93	-0.21	0.01
Do (Accum)	5 50.50	59.15	62.93	-0.21	0.01
Pacific Basin	5 158.82	158.82	168.94	-0.84	0.01
Do (Accum)	5 166.44	166.44	177.06	-0.89	0.01
Small Cos & Recy	5 282.91	288.84	307.28	-0.08	1.96
Do (Accum)	5 325.79	332.60	353.84	-0.09	1.96
UK Growth	5 57.86	57.86xd	61.34	+0.35	2.22
Do (Accum)	5 59.69	59.69xd	63.49	+0.30	2.22
Worldwide Gwth	5 193.23	193.23xd	205.56	-0.37	0.62
Do (Accum)	5 274.58	274.58xd	292.10	+0.33	0.62

Overseas Growth Funds					
American Growth	5½ 87.91	87.91	93.84	[illegible]	[illegible]
US Smaller Co's	5½ 59.92	59.92xd	63.67	[illegible]	[illegible]
(Accum Units)	5½ 60.56	60.56	64.34	[illegible]	[illegible]
Australia Growth	5½ 45.33	45.67	48.52	[illegible]	[illegible]
Drayton Japan	5½ 50.83	50.83	53.49	[illegible]	[illegible]
Europe Perf	5½ 68.80	69.50	73.85	[illegible]	[illegible]
(Accum Units)	5½ 68.49	69.69	74.05	[illegible]	[illegible]
Euro Smaller Cos	5½ 12.05	12.05	12.58	[illegible]	[illegible]
Far East	5½ 66.32	66.52	70.68	[illegible]	[illegible]
French Growth	5½ 37.07	37.48	39.83	[illegible]	[illegible]
Accum Units	5½ 37.31	37.75	40.08	[illegible]	[illegible]
Hong Kong	5½ 23.41	23.56	25.03	[illegible]	[illegible]
Intl Growth	5½ 57.71	57.71	60.07	[illegible]	[illegible]
Intl Recovery	5½ 113.5	113.5	120.6	[illegible]	[illegible]
Japan Perf	5½ 99.35	101.1xd	107.4	[illegible]	[illegible]
Accum Units	5½ 99.35	101.1	107.4	[illegible]	[illegible]
Japan Smaller Cos	5½ 24.52	24.52	[illegible]	[illegible]	[illegible]
Singapore ASEAN	5½ 30.15	30.43	[illegible]	[illegible]	[illegible]

FT CROSSWORD No.6,676
SET BY DINMUTZ



ACROSS
1 *Ohio mountain* fruit (6)
4 Knockabout Charlie embraces a padre (8)
10 A steward, perhaps, holding nothing with which to make a splash (4-5)
11 Topping stuff for severe cold symptoms (5)
12 Relief for the poor forming a line, at one time (4)
13 Travelling case? (3-7)
15 School of surgical practice (7)
16 Scoff at what Camptown jockey came along for (6)
19 Coward's spirit was so jocund (6)
21 Short Irish malts can produce wind abroad (7)
23 Poor times, possibly – holding one pound as capital (10)
25 Border setback for the euphonium (4)
27 Girl to take out daily (5)
28 Embarrassed, being sick and relaxed (3,2,4)
29 Partner within call is getting better (8)
30 The day I would contract to go into battle (6)

DOWN
1 Sort of race for the bar (8)
2 Mad Albino treated round the belly (9)
3 Dress found in Glasgow normally (4)
5 Digs difficult at first, the canine complaint (4,3)
6 What Turner held to be a burnt ship (5-5)
7 Accept an offer that gains a point (5)
8 Daoy being born to carry a gun (6)
9 Way cross-bar is tied up (6)
14 E.g. Webster's way of speaking a line (10)
17 Suspanded target of English river authority (9)
18 Soft soap for completely ruined tyre? (8)
20 Feeling aroused by Ernest's first proposal? (7)
21 Ooa virile on the outside, chiefly (6)
22 Secood runner is ona who bares his teeth (6)
24 "...and turn to rhythmic — lyres" (Hardy) (5)
26 Society accepts sailor as a celebrity (4)

Solution to Puzzle No.6,675

GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price *in circumstances in which there is a large excess of sellers of units over buyers.*

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ▼ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
Target Trust Mngrs Ltd (1600)H						
Target Hse, Gatehouse Rd, Aylesbury, Bucks.						
Admin: 0296 394000 Dealing: 01-579 9860						
American Eagle	5	64.40	64.30	69.02	−0.64	1.10
Australia	5	8.207	8.207	8.762	−0.04	0.10
Commodity	5	81.83	81.83	88.23	+0.20	1.02
Convertible	5	148.9	148.9	160.5	−0.2	5.45
Equity	5	150.0	150.0	161.0	—	3.05
Euro Spec Sits	5	79.79	79.83	85.99	—	1.26
Financial	5	31.95	31.95	34.47	−0.05	1.82
Global Opps Inc	5	57.01	58.06	62.47	+0.10	1.38
Global Opps Acc	5	57.01	58.06	62.47	+0.10	1.38
Gold Income	5	56.45	56.43	60.52	+0.56	0.82
Gold Acc	5	103.9	103.9	111.5	+1.1	0.82
Income	5	107.6	107.4	115.8	+0.1	4.46
Japan	5	119.2	119.2	128.0	+0.8	0.10
Pacific Income	5	114.9	114.9	123.3	+1.2	0.86
Pacific Re Inv	5	142.5	142.5	152.9	+1.4	0.86
Preference Share	5	24.71	24.8	26.74	−0.01	9.85
Special Sits	5	102.3	102.3	110.0	−0.1	0.57
Technology	5	42.82	42.82	46.17	−0.70	0.10
UK Capital	5	91.82	91.82	98.80	—	1.23
World Income	5	52.12	52.12	55.98	+0.16	5.07
Worldwide Capital	5	148.0	148.1	159.2	—	1.12
Equity Exempt	5	114.4	114.4	123.1	—	1.48
Equity Exempt Acc	5	217.2	217.2	233.6	—	1.48
Templeton Investment Mngmt						
20 Copthall Avenue, EC2R 7PA. 01-588 1064						
Int'l Pen & Charities	3	90.66	91.67	95.60	—	—
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 7HF 01-493 7262						
Dealing 01-493 8545						
American Opps	5	40.48	40.48	[illegible]	[illegible]	[illegible]
(Accum Units)	5	41.36	41.36	[illegible]	[illegible]	[illegible]
European Opps	5	42.08	42.39	45.00	−0.44	[illegible]
(Accum Units)	5	42.27	42.41	45.24	−0.44	[illegible]
Far Eastern Opps	5	86.97	86.97	92.42	+0.26	[illegible]
(Accum Units)	5	87.24	87.24	92.80	+0.25	[illegible]
Golden Opps	5	36.53	36.53	39.01	−0.63	15
(Accum Units)	5	36.78	36.78	39.08	−0.65	15
Intl Hi-Yield	5	46.17	46.17	49.06	+0.22	[illegible]
(Accum Units)	5	46.64	46.64	49.56	+0.22	[illegible]
Japanese Opps	5	99.53	99.53	[illegible]	+1.09	[illegible]
(Accum Units)	5	99.53	99.53	[illegible]	+1.09	[illegible]
Kangaroo	5	34.55	34.55	[illegible]	+2.18	[illegible]
(Accum Units)	5	34.74	34.74	36.91	+2.18	[illegible]
Oriental Income	5	29.57	29.57	31.42	+0.12	[illegible]
(Accum Units)	5	30.08	30.08	31.96	+0.12	72
Pacific Technology	5	56.42	56.42	59.10	−2.10	60

INSURANCES

	Bid Price	Offer Price	+ or −	Yield Gross
AA Friendly Society				
(Investment Mngt M & G Inv Mngt Ltd)				
AA Friendly Sy Jun 10	—	139.4	.....	—
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	247.8	254.6	—	—
Equity Ser. 1	114.2	122.4	+0.1	—
Prop. Acc. Ser. 2	350.1	368.5	—	—
Equity Ser 2	132.0	139.0	−0.1	—
Selective Acc	284.9	299.9	−0.3	—
Prop. Ser. 4	275.5	290.1	—	—
Equity Ser. 4	134.0	141.1	−0.1	—
Fixed Int. Ser. 4	210.0	221.2	+0.3	—
Indexed Inc. Ser. 4	120.3	126.7	+0.2	—
American Ser. 4	265.8	279.8	−1.3	—
High Inc. Ser. 4	378.4	398.4	+1.2	—
Japan Ser 4	277.3	291.9	+3.9	—
Man. Ser. 4	374.5	394.3	+0.1	—
Money Ser. 4	216.3	227.7	—	—
European Ser 4	[illegible]	100.1	+1.4	—
Pension Funds				
Property	464.9	489.4	—	—
Equity	958.4	1008.6	−4.3	—
Selective	303.4	319.4	−0.3	—
Managed	682.2	718.2	−1.3	—
Security	396.2	417.1	—	—
Fixed Int.	234.5	246.9	−0.4	—
European	131.6	138.6	+2.8	—
American	219.9	231.5	−1.4	—
Japan	296.8	312.5	+5.1	—
Indexed	127.5	134.3	−0.2	—
International	146.4	154.2	+0.3	—
Ethical	102.2	107.6	+0.1	—
High Income	100.7	106.1	+0.2	—
Abtrust Management Ltd				
20, Cidwell St, London, EC1Y 4TY. 01-374 6801				
Managed Growth	304.22	320.24	.....	—
Managed Income	136.37	143.72	.....	—
AEtna Life Insurance Co Ltd				
401 St John St, London EC1V 4QE. 01-833 2303				
Life Funds (Accumulating Units)				
Squirrel	11.66	12.38	+0.01	—
Bear	12.23	12.88	+0.00	—
Bull	15.26	16.07	+0.05	—

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

	Bid Price	Offer Price	+ or -	Yield Gross
Pioneer Mutual Insurance Co Ltd				
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655				
Managed Fund	269.5	283.7	—	—
Man Pens Inc & Cap Fd	345.3	363.5	—	—
Money Fund	113.0	119.0	—	—
Pens. Mngd Fd (Init)	91.5	96.4	—	—
Pens Mngd Fd (Acc)	104.9	110.5	—	—
Pens FT30 Fd (Init)	129.5	136.4	—	—
Pens FT30 Fd (Acc)	148.6	156.5	—	—
Pens O'seas Mgd (Init)	60.3	63.5	—	—
Pens O'seas Mgd (Acc)	69.2	72.9	—	—
Pens Fxd Int Fd (Init)	102.7	108.2	—	—
Pens Fxd Int Fd (Acc)	117.8	124.0	—	—
Pens Deposit Fd (Init)	101.5	106.9	—	—
Pens Deposit Fd (Acc)	116.4	122.6	—	—
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	100.0	106.0	-1.0	—
Building Soc. Fd	162.0	171.0	—	—
Balanced	246.0	259.0	—	—
Deposit	161.0	170.0	—	—
European	130.0	137.0	—	—
GT Managed	154.8	163.0	—	—
Gartmore Mngd	102.0	108.0	-1.0	—
German	95.0	98.0	—	—
Gilt	168.8	177.0	-1.0	—
High Inc.	114.0	120.0	—	—
International Equity	159.0	168.0	+1.8	—
Japan	221.0	233.0	+1.0	—
Managed	55.0	58.0	—	—
Property	258.0	272.8	—	—
R. W. Imperial Gold	132.0	139.0	—	—
UK Equity	323.0	340.0	—	—
Pension Funds				
American	128.0	135.0	—	—
Building Soc. Fd	153.0	162.0	—	—
Balanced	188.0	198.0	—	—
Deposit	151.0	159.0	—	—
European	125.0	132.0	—	—
GT Managed	164.0	173.0	—	—
Gartmore Mngd	99.0	105.0	—	—
German	87.0	92.0	—	—
Gilt	141.0	149.0	—	—
International Equity	117.0	124.0	—	—
Japan	130.0	137.0	—	—
Managed	55.0	58.0	—	—
Property	196.0	207.0	—	—
UK Equity	281.2	296.0	—	—
Prolific Life & Pensions Ltd (z)				
Stramongate, Kendall, Cumbria LA9 4BE 0539 33733				
Balanced Gwth Mngd	520.3	548.1	(z)	—
Cash Fd	217.7	229.5	(z)	—
Property Fund	259.2	273.2	(z)	—
Equity Fund	571.2	602.0	(z)	—
Fxd Int. Fund	287.0	302.5	(z)	—
International	260.5	274.5	(z)	—
High Income	413.7	436.0	(z)	—
Far East	376.1	400.2	(z)	—
North American	227.7	240.0	(z)	—
Special Sits	509.5	536.9	(z)	—
Technology	235.6	248.3	(z)	—
Extra Inc Fd	237.8	250.6	(z)	—
Convertible & Gilt Fd	149.8	157.9	(z)	—
American Income	197.7	115.5	(z)	—
Gilt Fund 20	295.4	312.2	(z)	—
European Fund	83.2	87.7	(z)	—
Pref & Fixed Int.	96.7	102.0	(z)	—
Adventurous Mngd	95.0	100.0	(z)	—
Secure Mngd	95.0	100.0	(z)	—
Balnd Gro Mgd Pens Acc	484.0	509.5	(z)	—
Building Soc. Acc.	218.4	229.9	(z)	—
Property Pens. Acc.	258.3	271.9	(z)	—
Fxd. Int. Pens. Acc.	350.7	369.2	(z)	—
Equity Pens. Acc.	636.5	670.0	(z)	—
International Pens Acc	231.5	243.7	10	—
High Inc Pens Acc	421.8	444.0	(z)	—
Tech Pens Acc.	150.7	158.7	(z)	—
N American Pens Acc	154.5	162.7	(z)	—
Far Eastern Pens Acc	365.6	384.9	(z)	—
Special Sits Pens Acc.	410.3	431.7	10	—
Extra Income Pens Fd	270.1	284.4	(z)	—
Convertible & Gilt Pen	158.8	167.2	10	—
American Inc Pens	117.9	124.2	(z)	—
European Pens	86.6	91.2	(z)	—
Pref & Fixed Pens	98.1	103.3	10	—
Adventurous Mgd Pens Acc	95.0	100.0	(z)	—
Secure Mngd Pens Acc	95.0	100.0	(z)	—
Broker Funds				
KSA Managed Fund	124.4	131.1	(z)	—
McKenna Mngd Fund	138.2	145.5	(z)	—
Acorn Managed Fund	149.8	156.9	(z)	—
Portfolio 2000	138.8	145.3	(z)	—
Allied Anglo Mngd Fd	109.4	115.2	(z)	—
Brian Foster Mngd Fds	102.9	108.4	(z)	—
Archer Managed	106.4	112.0	(z)	—
Borlon Intnl Managed	97.2	102.4	(z)	—
BFP PR Inv Port	97.4	102.6	(z)	—
Chippendale	87.3	91.9	(z)	—
Du Barn Flexible In Bd	85.6	90.2	(z)	—
Hinton Hill Wwide Por	79.9	84.2	(z)	—
Downes Inc & Growth	81.7	86.0	(z)	—
Coventry Inv	85.1	89.6	(z)	—
EDN Prol Inc Prtr Mngd	126.7	133.4	(z)	—
Berkeley St James	91.1	95.9	(z)	—
FSC Managed Portfolio	61.9	65.2	(z)	—
FTC Property Fd	145.3	153.0	(z)	—
Case Inv Portfolio	102.6	108.1	(z)	—
Sandbourne Mngd Bond	99.6	104.9	(z)	—
MASTERFUND	101.9	107.3	(z)	—
Ascot Mngd	95.4	100.5	(z)	—
PBM Max Gwth & Inc	96.7	101.8	(z)	—
JPL Wage Prntr Mngd	97.8	103.0	(z)	—
Lloyd & Whyte Mngd	102.7	108.2	(z)	—
For Capital Unit and Other Prices ring 0539-33733				

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

UK LISTED

[illegible]

OFFSHORE INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	1988 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99¼	83	Redemption 3pc 1986-96	99	.....	3.03	7.12
100¼	99	Treas. 9¾pc '88	99	.....	9.52	10.02
102	100	Treas 11½pc 1989	100¾	.....	11.40	9.99
101	99	Treas 9½pc Cnv 1989	99¾	.....	9.53	9.85
97¾	95	Treas 3pc 1989	97	+	3.09	6.52
102	100	Treas 10½pc 1989	100½	−	10.45	9.95
102	100	Exch 10pc 1989	100	−	9.99	9.95
103	101	Exch 11pc 1989	101	−	10.88	9.99
97	95	Treas 5pc 1986-89	96	.....	5.19	8.02
104	100½	Exch 10¼pc Cv '89	100½	−	10.18	9.65
107½	104	Treas 13pc 1990‡‡	104¼	−	12.47	9.89
104¾	101¼	Exch 11pc 1990‡‡	101	−	10.83	9.91
107	103	Exch. 12½pc 1990	103	−	12.04	9.97
93	91	Treas. 3pc 1990	92	−	3.25	7.53
99	97	Treas 8¼pc 1987-90‡‡	97	−	8.43	9.47
102¼	97½	Treas. 8pc Cv 1990 ‡‡	98	−	8.15	9.04
103	99	Treas. 10pc Cv 1990	100	−	9.99	9.92
91	88	Exch 2½pc 1990	89	+	2.79	7.27
107¼	103¼	Treas 11¾pc 1991	103	−	11.31	9.95
95	92¼	Funding 5¾pc '87-91‡‡	93	−	6.17	8.58
90	87	Treas. 3pc 1991	88	.....	3.38	7.46
105	100¾	Treas 10pc Cv '91 ‡‡	100¾	.....	9.93	9.71
107	102	Exch. 11pc 1991	103½	−	10.67	9.87
98	94	Treas. 8pc 1991	95	−	8.43	9.77
113	108¼	Treas 12¾pc 1992‡‡	108	−	11.74	9.82
104	100	Treas 10pc 1992	100	−	9.94	9.80
98	94	Treas. 8pc 1992 ‡‡	94½	−	8.46	9.73
106½	101	Treas 10½pc Cv 1992‡‡	102	−	10.29	9.81
86	83	Treas. 3pc 1992	84½	.....	3.56	9.68
112	107	Exch. 12¼pc '92	107¾	−	11.36	9.89
117	111	Exch 13½pc 1992	112¼	−	12.06	9.93
97	93	Treas 8¼pc 1993	94	−	8.75	9.80
105	100	Treas 10pc 1993‡‡	100	−	9.92	9.76

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
58½	43¼	Time Inc. $1	54⅝xd	–¼	$1.00	–	1.1
20½	15⅞	Transamerica $1	39⅜xd	–⅜	$1.84	–	5.6
10⅝	754p	Transworld Corp $5	10¼	–¼	20c	–	1.2
20½	14½	TRINOVA Corp	17xd	–½	56c	–	1.9
19	15¼	USX $1	18¼	–¼	$1.20	–	3.8
23	17⅝	Utd. Technologies	22⅛xd	+⅛	$1.60	–	4.2
31½	26¼	US West	32⅜	–⅛	$3.52	–	6.3
21¼	16⅝	Waste Management $1	21xd	....	48c	–	1.3
16⅞	12⅞	Whirlpool $1	16½	–⅛	$1.10	–	3.9
32⅞	18¼	Woolworth $3½	30½	+¼	$1.64	–	3.2

CANADIANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	173p	BM Gold Corp	217p	–6	–	–	–
32p	11p	Abbot Energy Corp	28p	....	–	–	–
14¼	990p	Amer. Barrick Res.	11¼	–¼	–	–	–
10p	3½p	American Lightwave	6p	–1	–	–	–
47p	18½p	Armeno	22p	–2	–	–	–
76p	45p	Augmitto Expln	68p	+3	–	–	–
13½	10½	Bk. Montreal	13½	+½	$2.00	–	7.1
676p	514p	Bk. Nova Scot.	664pxd	–10	76c	–	5.6
18½	15¼	BCE	17½xd	....	$2.44	–	6.6
716p	591p	Bow Valley	676p	–4	40c	–	2.9
13¼	10¼	Brascan	13¼	+¼	88c	–	3.2
328p	189p	Breakwater Res.	271p	....	10c	–	1.8
11½	801p	Can Imp Bank	13½xd	....	$1.16	–	4.9
11½	841p	Can. Pacific	11¼xd	....	60c	–	2.5
41¼	40	Do. 4pc Deb £100	40½	....	4%	–	9.9
509p	362p	Central Capital "A"	495p	–11	–	–	–
483p	449p	Corona Corp	483p	+18	–	–	–
886p	288p	Corp. TVX Min.	434p	+12	–	–	–
295p	76p	Darbus Res.	295p	....	–	–	–
627p	430p	Derlan Inds	627p	+13	11.75c	–	0.9
14½	984p	Echo Bay Mines	12½	....	14c	–	0.6
40p	26p	Energex Minerals	35p	....	–	–	–
107p	83p	Euro-Asia Capital Ltd	100p	–1	–	–	–
382p	222p	Galactic Resources	380p	....	–	–	–
125p	99p	Geodome Res	111p	–1	–	–	–
394p	206p	Granges Expln	259p	–12	–	–	–
16½p	8½p	Gt. Pacific Res.	4½p	....	–	–	–
903p	652p	Gulf Canada	863p	–1	52c	–	2.9
12	816p	Hawker Sid Can	12	....	$1.08	–	4.4
588p	344p	Herlys Group	458p	–2	–	–	–
957p	785p	Hudson's Bay	905p	+9	60c	–	3.2
27½	22⅞	Imperial Oil	26⅞	–⅛	$1.80	–	3.3
20¼	20¼	Inco	20	–¼	US$0.80	–	2.3
For Int'l. Corona Res., Lacana Mining and Royex Gold Min. see Corona Corp.							
718p	462p	Inland Nat. Gas $1	573p	–11	60c	–	5.1
250p	150p	Madeleine Mines	205p	–9	–	–	–
189p	126p	Muscocho Expln.	186p	–2	–	–	–
187p	75p	Nat'l Business Syst.	103p	–21	–	–	–
237p	110p	Nevada Goldfields	193p	–3	–	–	–
12	787p	Rio Algom	11½	+¼	$1.30	–	5.4
13½	11½	Royal Bk. Can.	11½	....	$2.08	–	6.5
33¼	26⅝	Seagram	32⅛	–¼	US$1.20	–	2.1
361p	178p	Sonora Gold Corp	188p	....	–	–	–
73p	18p	Spiral Eng	70p	+5	–	–	–
150p	35p	Tam Pere Tech. Corp	128p	–7	–	–	–
15⅛	11¼	Toronto-Dom. Bk.	15½	....	$1.12	–	3.5
64p	14p	Trans Atlantic Res	24p	....	–	–	–
634p	566p	Trans Can Pipe.	676p	–8	68c	–	4.9
205p	127p	Varity Corp	195p	–2	B–	–	–

BANKS, HP & LEASING

1988 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
218	131	ANZ $A1	218	–8	Gr22½c	3.1	4.6	7.4
248	200	Allied Irish	247	–1	Q15.3%	6	5.5	4
£13	£10¼	Algemene Fl.10	£12½	–⅛	Q27%	1.9	6.0	–
73	58	Anglo Irish	70	....	Q19.5%	1.2	5.9	21.9
84	64	Arbuthnot (H.) 10p	84	....	2.0	–	3.2	–
£40½	£24½	Banco de Bilbao S.A.	£36½	–½	Q67.2%	3.1	4.5	7.1
£35¼	£27½	Banco de Santander	191½	–½	Q22%	2.4	1.6	26.3
229	184	Bank Ireland IrE1	227	–2	Q15.67%	3.3	5.8	7.1

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

For Accts see Paper, Printing, Advertising

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

طبق الأصل

LONDON SHARE SERVICE

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING—Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1988 High	Low	Stock		Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]									
59	36	Ovoca Gold IR 2p	y	45	.....	–	–	–	–
38	19	Pennant Grp. 2p	y	34	.....	d0.2	–	0.8	–
60	33	Propeller 1p	y	58	.....	–	–	–	♦
51	13	Publishing Hldgs 5p	y	20	.....	–	–	–	12.0
207	150	Royal Sovereign 10p	y	205	....	4.6	1.9	3.0	19.2
26	22½	Scott Pickford 10p	y	25½	+½	5.1	0.7	16.2	11.2
80	68	Seacon Hldgs	y	76	.....	–	–	–	–
27	18	Stats Hldgs 5p	y	21	–1	–	–	–	♦
4½	3	Swanyard Studios 1p	y	3¼	.....	–	–	–	♦
278	200	Takare	y	268	–3	61.0	8.1	0.5	27.5
70	41	Theme Holdings	α	63	.....	♦1.1	♦	2.3	♦
36	26	Tomorrows Leisure 20p	y	31	.....	–	–	–	12.4
25	13½	Yullow Oil 10p	y	22	.....	–	–	–	–
115	118	UPL Group 10p	y	118	.....	L2.41	♦	2.7	♦
148	120	Unit Group	y	148xd	.....	5.0	♦	♦5	♦
[illegible]	85	Video Tape Record 5p	y	98	.....	L2.3	2.3	3.1	14.1

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ⁂ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✝ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	y	70	.....
Craig & Rose £1	y	700	.....
Finlay Pkg. 5p	y	85	.....
Holt (Jos) 25p	y	£11⅝	.....

IRISH

Nat. 9¾% 84/89	£100¾	.....
9pc Cap Ln. 1996	£98¾	.....
Fin. 13% 97/02	£119	.....

Arnotts	y	380	.....
CPI Hldgs	y	120	.....
Carrol Inds.	y	150	+5
Hall (R. & H.)		162	.....
Helton Hldgs.	y	51	–1
Irish Ropes	y	165	.....
Unidare	y	425	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp	36
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	50
Boots	19
Bowaters	35
Brit Aerospace	35
Brit. Telecom	22
Burton Ord.	21
Cadburys	32
Charter Cons	50
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	13
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen.	25
Lex Service	33
Lloyds Bank	26
Lucas Inds.	50
Marks & Spencer	17
Midland Bk.	37
Morgan Grenfell	38
NEI	18
Nat West Bk.	52
P & O Dfd.	52
Plessey	16
Polly Peck	38
Racal Elect.	32
RHM	30
Rank Org Ord.	64
Reed Intnl.	36
STC	24
Sears	12
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45

Property

Brit Land	30
Land Securities	52
MEPC	52
Peachey	50

Oils

Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	5
LASMO	40
Premier	7½
Shell	95
Ultramar	26

Mines

Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jun 20	Jun 30	Jul 1	Jul 11
Jul 4	Jul 14	Jul 15	Jul 25
Jul 18	Jul 28	Jul 29	Aug 8

*New time dealings may take place from 9.00 am two business days earlier.

Speculative features dominate easier equities while Gilt-edged dip at the close

A NERVOUS trading session in London securities markets ended with the equity sector slipping lower despite encouraging comments on UK exchange and interest rates from Mr Nigel Lawson, the UK Chancellor of the Exchequer.

However, the Government bond market was favourably impressed by the Chancellor's assurance that the UK Government's commitment to hold inflation down was "absolute". Nevertheless, Gilt-edged closed a shade down as the Sterling Exchange Rate Index showed a small fall on the day.

There was little immediate reaction in London to the oil rig disaster in the North Sea, which involves mostly US companies. However, UK equities were returning towards their day's lows in late dealings as Wall Street came in easier, extending the sharp loss of the previous session.

Although a substantial part of the insurance loss on the Piper Alpha rig is expected to come home to London, there was little reaction yesterday in insurance shares.

However, some nervousness was expressed over the possible effect on Britain's oil revenues of the shutdown, following the rig explosion, of three North Sea fields affecting around 12 per cent of UK crude oil flows.

Equities were easier from the start, as a slightly weaker pound reawakened nervousness over domestic interest rates. Little selling was seen, however, and once again there was a steady flow of special, and sometimes speculative features.

The market rallied at mid-session as Mr Lawson said the Government was "clearly more comfortable" with present UK exchange and interest rates. However, by the close, the FT-SE 100 Index was a net 14.5 down at 1855.5. Turnover, at Seaq volume of 469.3m shares, was boosted by heavy trade in Rolls-Royce, Trusthouse Forte and Shell.

The London Traded Options market had its second busiest day on record, with a number of broking firms apparently positioning or hedging themselves in active speculative stocks.

In Government bonds, there was some selling pressure on the very near dated issues at first as the pound softened, but the sector tried to steady after the Chancellor's comments. Gains of ¼ or so could not be sustained, however, and the session ended with the longs a touch easier and the shorts barely changed.

The bond market felt more optimistic about present UK base rate levels in the wake of Mr Lawson's words. But it remains unhappy with the wider inflation prospect.

Trusthouse Forte was quiet at first but later traded actively amid rumours of an imminent announcement. Recent hints in the marketplace have suggested the possibility of a consortium bid involving a property sale and lease-back arrangement.

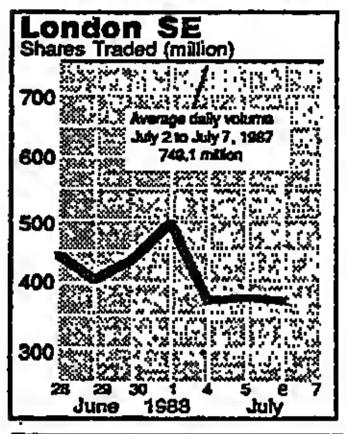
Turnover has recently been brisk and dealers report steady buying of the shares. Activity on the options market, mainly in September and December 260 calls, also suggests that there is greater than usual interest in THF. 2.4m shares changed hands and THF closed a penny down at 246p.

Shares in Legal & General, the life assurance group, spurted to 345p early on and eventually settled a net 8 higher at 338p after another big turnover, this time of 8.1m shares, with the buying again said to be driven by market talk that a stake has been accumulated in the company. Various Continental insurance groups have been rumoured as large buyers of the shares, as have Lloyds Bank.

But company spokesman Gordon McDonald said last night that Legal & General had "no evidence of a stake being built". New business figures from Legals are said to be imminent and are expected to be sharply up on last time.

Jaguar were actively traded amid rumours that Ford Motor had built up a sizeable stake in the company. The volume of business amounted to around 5.1m, with the Traded options market also reporting an above average interest in both puts and calls.

The Jaguar share price eventually settled with a gain of 12 at 304p, but Ford Motor stated yesterday that the rumours were unfounded.



Rolls-Royce, recently in the news following its development proposals for the more powerful version of the RB-211-524 engine with which it believes it can beat US competition, attracted considerable amount of attention.

Much of the activity was thought to have been inspired by a bullish presentation to fund managers hosted by Hoare Govett on Wednesday night. Some 14m Rolls-Royce shares changed hands with the price closing 2 higher at 139½p, after 141p.

Blue Circle Industries remained in the limelight despite the absence of the much-rumoured dawn raid. Although Hanson bid gossip remained in the background, fresh interest was also stimulated by talk of a favourable circular.

Hoare Govett, brokers to BCI, have upgraded their 1988 pre-tax profits forecast from £165m to at least £190m and are looking for a pre-tax figure of £220m for 1989 and earnings per share of 60.7p. In the event of a takeover bid, Hoare Govett reckon on a takeout value at a minimum of £9 a share. There was another good volume in BCI (some 3.3m) which closed 14 up at 458p for a two-day gain of 29.

Northern Engineering Industries (NEI), the Newcastle-based electrical and mechanical equipment group, raced ahead to close 4 higher at 97p after a day of heavy turnover in the shares.

Buying interest was triggered by stories - confirmed last night - that the group is about to be awarded the £200m contract for boiler overhaul at the power station at Fawley, UK, by the Central Electricity Generating Board. There were also rumours that a stake in NEI is being accumulated by overseas interests.

British Telecom shares dipped off to 251p immediately following the OFTEL regulatory review which came up with a pricing formula of RPI - 4.5 per cent, bang in line with City forecasts, but later hardened to end the day a net 4 lower at 252p on turnover of 6.7m.

Analysts took the view that the review would not trigger any profits downgradings: Kleinwort Grieveson said they were maintaining their current year forecast and were "happy to buy the stock". The Piper oil rig disaster immediately focused attention on the oil market and oil and gas shares. Crude oil prices moved higher at the outset, came off in mid-session and then raced up late in the day to close around $1 higher as the implications of the possible interference to production from other North Sea fields became evident.

Worries about the shutdown of the neighbouring Claymore field for perhaps as long as a month upset Goal Petroleum, which eased 1½ to 114½p, Sovereign, 5 off at 145p and Pict Petroleum, 4 off at 103p.

International stocks suffered in thin trading, influenced by Wall Street's weak overnight performance and later by an uncertain currency outlook. Glaxo gave up 10 to 978p, while Beecham was 5 worse at 475p. ICI retreated ¼ to £10⅞ in turnover of less than 1m shares. Dealers said workers' annual bonus shares are due soon and should affect the market early next week as the usual proportion come up for sale.

Fisons held steady as 1.9m shares traded. Phillips & Drew have upgraded their pre-tax profit forecasts by £3m to £125m in 1988 and by £10m to 145m in 1989. Analysts said the reason was primarily Fisons currency hedging which should protect its overseas earnings until well into the next financial year.

Hanson attracted plenty of interest, with turnover of 7.9m shares, and gave up 2 to 142½p. By contrast, Pearson was favoured by Warburg Securities in advance of figures due soon and put on 12 to 719p.

Apart from Legal & General and a minor improvement in Abbey Life - a penny harder at 322p as the stock made its debut in the FT-SE 100 index - the rest of the insurance list ground lower in the wake of the Piper oil rig disaster.

Composites drifted lower as the market assessed the repercussions of the North Sea tragedy. But the level of business in the sector was minimal, as shown by the turnover in individual stocks. Commercial Union, turnover 549,000, lost 5 to 373p.

Redland, up 8 at 420p, were enlivened by news of the sale of its 55 per cent interest in British Fuels for approximately £70m. AAH, also involved in the deal, improved a similar amount to 292p.

The Stores sector was described as "soggy" after Wednesday's programme trades provoked early selling of excess stock. Worst hit were Burton, down 2 to 222p, and Next, 3 off at 241p. The few to prosper were Harris Queensway, up 2 to 184p and still basking in the glory of the Gulliver bid, Woolworths, 3 better at 278p with good buying support, and Sears, a halfpenny firmer at 118p on volume of 7.8m. Sears is looked on as next in line for a bid due to its naturally high break-up value, say dealers.

Meanwhile Storehouse, another talked-of bid stock, eased 4 to 245p at the hands of some determined arbitrage buyers.

Babygro and Robert Lowe, two second-line stocks specialising in children's clothes and leisure wear, were suspended - at 65p and 195p respectively - pending the outcome of merger discussions between the two.

Aitken Hume survived disappointing annual figures to close just 2 worse at 91p on hopes that it will fulfill its promise to sell off most of its UK-based operations and concentrate on the $3bn US fund management business.

Ferranti edged up a penny to 88p after turnover of 8.7m boosted by talk of imminent new defence contracts and vague takeover rumours.

The joint venture with Microsoft gave a major boost to Micro Focus which raced up 21 to 158p, while Misys, scheduled to reveal preliminary figures on July 20 and where Laurence Prust and Hoare Govett have recently upgraded their forecasts to £2.2m, jumped 10 more to 330p.

The Foods sector featured cash and carry company, Nurdin & Peacock, 5 higher at 140p after the recent purchase of Linfood by Booker. Brake Brothers rose 8 to 331p as a marketmaker was caught short of stock. Trade in Tesco was dominated by two deals of around 3.5m shares, thought to be an agency cross, and it closed 3 down at 148p. Asda gained a penny to 164p in turnover of 2.9m shares and Ranks Hovis McDougall edged up a similar amount to 412p.

A fresh advance of 13 to 456p in De La Rue gave rise to Robert Maxwell stakebuilding rumours, while bid talk resurfaced in Mysson which advanced 5 to 223p.

British Aerospace continued to drift lower pending the outcome of its takeover offer for Rover and closed 5 cheaper at 406p. Rank Organisation, reflecting Wall Street influences, reacted 12 to 729p.

Virgin led the excitement among Leisure stocks, with the prospect of a minority buy-out enough to send the shares 17½ higher to 118p. Brent Walker responded to recent company visits with a good rise of 9 to 422p, while Chrysalis added 8 to 145p, partly in sympathy with the sector and partly on hopes that its days as an independent will be numbered.

Pleasurama ran into limited profit-taking and shed 4 to 215p. Dealers reported that turnover on Wednesday was 6m shares, significantly higher than usual.

In a sluggish Property sector Greycoat rallied 9 points to 410p on the back of a bullish circular from securities house Chase Manhattan. Peachey continued their run with a rise of 3 to 537p, while Mountleigh attracted buyers in anticipation of good annual figures at the end of the month to close 5 points stronger on 179p.

Developers continued to drift on interest rate worries, with Speyhawk 7 easier on 339p and MEPC 4 points off at 531p. The late chairman's 2.7m shares in Great Portland were placed with institutional buyers in the morning by brokers Cazenove, news of which brought the price down 7 on the day to 331p.

Courtaulds were actively traded in the wake of the Henrietta House property deal. Some 3.1m shares traded with the price closing 8 higher at 344p.

The day's two new issues both had successful debuts. Wales-based builders' merchants BMSS were placed at 118p, opened at 121p, and on reasonable turnover attracted enough interest to close on 126p. Lincat, designers and manufacturers of catering equipment, saw good two-way trade to close on 153p, having started the day on 128p (they were placed at 115p).

The Traded Options Market excelled itself once again despite average turnover in underlying equities. 47,629 contracts were traded - the second most active day of the year - with calls totalling 30,498 and puts 17,131. Rolls Royce dominated with 3,539 puts and 4,402 calls, with one major broking firm trading 4,000 January call and put contracts. Jaguar were also popular, running up 2,880 calls and 1,164 puts.

Traditional Options

- First dealings June 27
- Last dealings Aug 8
- Last declarations Sept 29
- For Settlement Oct 10

For rate indications see end of London Share Service

Stocks to attract money for the call included Plessey, Metal Box, A & M Group, Elswick, BSG, Boots, GT Management, LASMO, British Petroleum, Norfolk Capital, Ashley Industrial Trust and C Baynes. Puts were arranged in Morgan Grenfell, Hogg Robinson, Elswick and Plessey, while double options were transacted in C Baynes and Morgan Grenfell.

FINANCIAL TIMES STOCK INDICES

	July 7	July 6	July 5	July 4	July 1	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	88.02	88.08	88.17	87.54	87.82	90.89	91.43 (18/4)	86.97 (15/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.11	97.42	97.36	97.24	97.53	97.96	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1484.2	1494.3	1485.3	1478.3	1485.1	1846.2	1496.7 (23/6)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	218.5	214.7	213.5	213.1	208.4	402.1	312.5 (7/1)	195.4 (13/5)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div Yield	4.53	4.49	4.52	4.53	4.51	3.12				
Earnings Yld. %(full)	11.49	11.42	11.47	11.55	11.48	7.54				
P/E Ratio (net)(*)	10.60	10.66	10.61	10.54	10.60	16.30				
SEAQ Bargains (5pm)	25,338	26,340	23,376	23,821	29,412	52,475				
Equity Turnover (£m)	-	1252.30	1067.52	873.58	1263.14	1913.62				
Equity Bargains	-	26,074	23,404	24,877	30,345	62,789				
Shares Traded (ml)	-	419.6	373.6	371.5	498.7	997.3				

S.E ACTIVITY

Indices	July 6	July 5
Gilt Edged Bargains	189.5	196.0
Equity Bargains	168.9	151.6
Equity Value	2531.2	2157.7
5-Day average		
Gilt Edged Bargains	174.5	154.7
Equity Bargains	168.7	166.2
Equity Value	2264.9	2125.9

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1491.4	1487.5	1487.9	1488.4	1486.1	1483.9	1486.4	1489.0

Day's High 1491.6 Day's low 1482.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.50.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (111)

AMERICANS (2) CANADIANS (4) BANKS (4) BUILDINGS (3) CHEMICALS (2) STORES (4) ELECTRICALS (3) ENGINEERING (3) FOODS (2) INDUSTRIALS (28) INSURANCE (3) LEISURE (4) MOTORS (2) NEWSPAPERS (1) PAPERS (8) PROPERTY (4) SHIPPING (1) TEXTILES (1) TRUSTS (18) OVERSEAS TRADERS (1) [illegible] (7) THIRD MARKET (1)

NEW LOWS (9)

BUILDINGS (1) [illegible], INDUSTRIALS (3) CCF, Monks & Crane, [illegible], PAPERS (2) Cundell Group, Horne (Robert), TRUSTS (1) [illegible], OVERSEAS TRADERS (1) Challington Corp.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	2,900	General Accident	94	Prudential	3,600
Abbey Life	1,500	General Elect.	4,100	Racal	2,200
Allied-Lyons	464	Glaxo	1,100	Rank Org	697
Amstrad	684	Globe Investment	521	RMC	309
Argyll Group	711	Granada	1,000	RHM	1,300
Assoc. Brit. Foods	146	Grand Met	1,300	Reckitt & Colman	172
BAA	700	GUS "A"	91	Redland	1,600
BAT	2,000	Guardian R.E.	325	Reed Intl	881
BET	1,400	GKN	129	Reuters "B"	413
BICC	834	Guinness	502	RTZ	495
BOC	1,000	Hammerson	375	Rolls-Royce	16,000
BPB Inds	889	Hanson	7,900	Rothmans "B"	360
BTR	3,700	Hawker Siddeley	551	Ryl Bank Scotland	2,500
Barclays	2,200	Hillsdown Holdings	92	Royal Insurance	464
Bass	813	IMI	93	STC	2,500
Beecham	841	ICI	922	Saatchi & Saatchi	1,200
Blue Arrow	4,500	Inchcape	1,500	Sainsbury	1,000
Blue Circle	3,300	Jaguar	5,100	Scott & Newcastle	1,000
Boots	1,200	Ladbroke	1,400	Sears	7,800
Brit. Airways	4,600	Land Securities	511	Shell Transport	1,400
Brit. Aerospace	1,100	Laporte	55	Smith & Nephew	3,000
Brit. & Comm.	514	Legal & General	8,100	Standard Chartered	119
British Gas	6,800	Lloyds Bank	1,600	Storehouse	1,900
BP	3,800	LASMO	1,500	Sun Alliance	110
Brit. Telecom	6,700	Lonrho	1,800	T & N	1,100
Burmah Oil	302	Lucas	160	TSB	2,000
Burton	3,400	MEPC	143	Tarmac	1,200
Cable & Wireless	3,900	Marks & Spencer	4,600	Tesco	6,900
Cadbury Schweppes	706	Maxwell Comm.	1,400	THORN EMI	880
Coats Viyella	474	Metal Box	1,200	Trafalgar House	475
Commercial Union	549	Midland Bank	1,400	Trusthouse Forte	2,400
Cons. Gold	268	NatWest Bank	1,800	Ultramar	621
Cookson	1,200	Next	1,900	Unilever	3,000
Courtaulds	3,100	Northern Foods	900	United Biscuits	1,600
Dalgety	462	Pearson	715	Wellcome	210
Dee Corporation	856	Pearl Group	699	Whitbread "A"	1,000
Dixons	268	P & O	499	Williams Holdings	92
English China Clays	734	Pilkington	1,700	Wimpey	150
Enterprise Oil	600	Plessey	885	Woolworth	2,400
FKI Babcock	1,800				
Fisons	1,900				

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	6	95	12
Corporations, Dominion and Foreign Bonds	2	18	32
Industrials	340	422	813
Financial and Properties	107	173	372
Oils	17	40	51
Plantations	0	5	8
Mines	68	22	101
Others	43	117	90
Totals	583	892	1,479

FT - ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Thursday July 7 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Wed Jul 6 Index No.	Tue Jul 5 Index No.	Mon Jul 4 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (208)	800.28	-0.3	9.91	3.95	12.52	13.72	802.50	796.56	790.11	1000.90
2	Building Materials (29)	1017.06	+0.3	11.07	4.15	11.10	18.34	1014.36	1003.10	1002.35	1124.32
3	Contracting, Construction (35)	1587.41	-0.3	10.33	3.38	12.66	26.35	1592.27	1591.64	1593.90	1852.54
4	Electricals (12)	2102.60	....	8.90	4.74	15.78	48.15	2102.68	2088.97	2072.08	2670.24
5	Electronics (31)	1739.71	-0.2	9.66	3.42	15.29	21.30	1743.41	1736.75	1714.44	2143.26
6	Mechanical Engineering (56)	415.36	-0.2	9.45	4.21	13.20	0.05	416.13	414.75	410.52	529.39
8	Metals and Metal Forming (8)	499.07	-1.1	9.57	3.75	12.90	7.95	504.00	507.33	474.98	567.29
9	Motors (14)	201.72	+0.2	11.61	4.55	9.97	5.22	201.27	200.40	279.29	382.30
10	Other Industrial Materials (23)	1334.85	-1.1	0.72	4.14	13.65	25.61	1350.28	1321.37	1316.61	1641.83
21	CONSUMER GROUP (107)	1092.42	-0.5	9.00	3.58	14.06	16.74	1098.01	1096.32	1093.28	1362.01
22	Brewers and Distillers (21)	1105.78	-0.7	10.77	3.68	11.71	15.97	1113.91	1118.47	1118.64	1245.50
25	Food Manufacturing (23)	993.51	-0.2	8.74	3.64	14.65	17.07	995.06	989.50	985.36	1049.01
26	Food Retailing (16)	2026.90	-0.5	8.50	3.25	15.64	21.46	2037.35	2032.34	2025.25	2560.33
27	Health and Household (12)	1860.53	-0.8	6.67	2.62	17.40	17.98	1875.57	1864.55	1864.56	2582.75
29	Leisure (30)	1526.82	-0.6	8.62	3.76	14.63	24.33	1334.31	1335.87	1335.55	1446.63
31	Packaging & Paper (17)	532.53	+0.6	0.94	3.78	14.41	9.15	529.25	526.11	522.58	719.89
32	Publishing & Printing (17)	3513.00	-0.2	8.10	4.34	15.59	70.60	3521.61	3476.40	3413.00	4494.11
34	Stores (34)	797.37	-0.8	10.45	4.03	12.66	14.50	803.46	810.17	808.68	1127.97
35	Textiles (17)	610.06	+0.6	11.30	4.46	10.40	12.34	606.62	601.29	601.50	818.23
40	OTHER GROUPS (92)	909.34	-0.9	10.72	4.29	11.45	12.08	917.72	912.12	912.64	1147.80
41	Agencies (19)	1175.36	-0.3	7.42	2.32	17.02	12.99	1178.97	1170.50	1171.11	1702.09
42	Chemicals (20)	1090.21	-1.4	11.12	4.51	10.90	22.34	1106.05	1102.31	1103.60	1441.16
43	Conglomerates (13)	1215.48	-0.9	10.27	4.58	11.26	20.90	1225.94	1202.00	1199.50	1448.93
45	Shipping and Transport (12)	1889.05	-0.6	11.33	4.74	11.69	34.04	1901.03	1901.70	1907.68	2418.09
47	Telephone Networks (2)	988.02	-1.0	11.26	4.50	11.52	2.32	998.72	998.13	1002.30	1123.83
48	Miscellaneous (26)	1186.05	-0.7	11.17	4.34	10.20	20.41	1194.82	1186.73	1181.08	1653.52
49	INDUSTRIAL GROUP (487)	979.00	-0.6	9.72	3.87	12.03	14.90	984.50	980.23	977.03	1225.50
51	Oil & Gas (13)	1834.15	-0.8	10.93	5.81	11.76	39.80	1849.60	1810.40	1803.14	2450.17
59	500 SHARE INDEX (500)	1051.48	-0.6	9.89	4.15	12.67	17.04	1057.80	1050.72	1047.10	1329.51
61	FINANCIAL GROUP (122)	710.66	-0.9	-	4.79	-	15.23	717.33	710.91	705.89	843.27
62	Banks (8)	683.36	-1.4	20.97	6.15	6.39	18.03	693.22	685.14	675.87	841.53
65	Insurance (Life) (8)	1071.12	-0.2	-	4.68	-	24.97	1073.47	1053.73	1051.53	1183.35
66	Insurance (Composite) (7)	548.79	-1.2	-	5.39	-	13.82	555.70	550.21	547.37	631.62
67	Insurance (Brokers) (7)	1012.06	-0.5	9.52	6.29	13.57	31.54	1016.79	1002.31	998.50	1295.35
68	Merchant Banks (11)	352.20	-1.5	-	4.10	-	7.03	357.48	356.61	355.43	463.62
69	Property (51)	1220.17	-0.5	5.02	2.65	25.44	13.26	1226.56	1224.58	1219.20	1313.25
70	Other Financial (30)	389.04	-0.7	10.05	4.07	12.43	8.97	391.89	389.98	387.69	570.27
71	Investment Trusts (78)	918.66	-0.2	-	2.96	-	11.05	920.48	912.54	910.75	1126.14
81	Mining Finance (2)	534.27	-1.5	9.04	3.52	12.51	8.12	541.20	534.79	521.13	583.91
91	Overseas Traders (8)	1190.66	....	9.78	4.69	12.12	29.22	1190.92	1170.13	1165.15	1150.70
99	ALL-SHARE INDEX (710)	963.20	-0.6	-	4.21	-	16.35	969.43	962.35	958.24	1199.06

	Index No.	Day's Change	Day's High	Day's Low	Jul 6	Jul 5	Jul 4	Jul 1	Jun 30	Year ago
FT-SE 100 SHARE INDEX ‡	1855.5	-14.5	1867.5	1854.5	1870.0	1854.8	1848.0	1858.2	1857.6	2371.0

FIXED INTEREST

	PRICE INDICES	Thu Jul 7	Day's change %	Wed Jul 6	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	121.00	-0.07	121.08	-	6.11
2	5-15 years	137.03	-0.11	137.18	-	7.17
3	Over 15 years	146.00	-0.10	146.94	-	6.88
4	Irredeemables	162.74	+0.34	162.18	-	7.30
5	All stocks	134.33	-0.09	134.45	-	6.80
	Index-Linked					
6	5 years	127.88	....	127.88	-	1.12
7	Over 5 years	120.04	-0.17	120.24	-	1.72
8	All stocks	120.53	-0.15	120.71	-	1.67
9	Debentures & Loans	117.23	....	117.24	-	6.47
10	Preference	94.00	+0.10	93.91	-	3.31

	AVERAGE GROSS REDEMPTION YIELDS		Thu Jul 7	Wed Jul 6	Year ago (approx.)
	British Government				
1	Low	5 years	9.38	9.35	8.15
2	Coupons	15 years	9.45	9.43	8.97
3		25 years	9.24	9.23	8.98
4	Medium	5 years	9.87	9.83	9.68
5	Coupons	15 years	9.67	9.65	9.19
6		25 years	9.47	9.46	9.20
7	High	5 years	9.94	9.90	9.21
8	Coupons	15 years	9.84	9.83	9.34
9		25 years	9.53	9.53	9.15
10	Irredeemables†		9.51	9.48	8.85
	Index-Linked				
11	Inflation rate 5%	5yrs.	2.69	2.69	2.58
12	Inflation rate 5%	Over 5 yrs.	3.89	3.88	3.78
13	Inflation rate 10%	5 yrs.	1.71	1.70	2.20
14	Inflation rate 10%	Over 5 yrs.	3.73	3.71	3.72
15	Debs &	5 years	10.97	10.97	10.11
16	Loans	15 years	10.91	10.91	10.11
17		25 years	10.85	10.85	10.11
18	Preference†		9.56	9.57	10.16

‡Opening Index 1867.3; 10 am 1863.0; 11 am 1863.5; Noon 1862.3; 1 pm 1859.2; 2 pm 1855.4; 3 pm 1858.4; 3.30 pm 1861.0; 4 pm 1860.9

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
CONSTITUENT CHANGES: Rowntree(25) and Acre Oil(51) have been deleted. Egerton Trust(31) and Hunterprint Group(32) have been inserted.

LONDON TRADED OPTIONS

Option		Calls			Puts		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

July 7 Total Contracts 47,629 Calls 30,498 Puts 17,131
FT-SE Index Calls 431 Puts 1725
*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E Ratio
150	F.P.	8/7	169	153	ASW Hldgs. 25p	169		W7.5	2.5	5.7	9.2
§135	F.P.	20/7	152	147	Alcal 5p	148		L3.5	3.5	3.2	11.7
§280	F.P.	-	280	275	Anglesey Mining Units 9p	270					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

CANADA

TORONTO
Closing prices July 6

Quotations in cents unless marked $.

Sales	Stock	High	Low	Close	Chng
600	Weldwood	$16	16	16	+ ⅞
6840	Wst Fraser	$21½	21¼	21¼	− ¼
2800	Wcoast E	$17	16¾	16¾	− ⅛
2700	Westmin	$10¾	10¾	10¾	
51950	Weston	$34¼	34⅛	34¼	− ¼
208925	Woodwd A	475	475	475	+ 5
200	Xerox Can	$19	19	19	− ¼

1 − No voting rights or restricted voting rights.

MONTREAL
Closing prices July 6

Sales	Stock	High	Low	Close	Chng
1430	BombrdrA	$11⅞	11⅛	11¾	
134727	BombrdrB	$12	11¾	12	+ ⅛
1100	CB Pak	$16⅛	16¼	16¼	
25730	Cascades	$09¾	05⅞	06	
18799	ConBath	$17¾	17⅛	17⅛	+ ⅞
1347	DomTxtA	$10½	10¼	10½	
1800	MntTrst	$16¼	16¼	16¼	
49866	NatBk Cda	$16⅞	16¾	16⅜	− ⅞
15275	Noverco	$11⅞	11⅛	11¼	
34130	Power Corp	$14¾	13⅞	14⅛	+ ¼
30547	Provigo	$10	09⅞	10	+ ⅞
49557	Royal Bank	$32¼	32	32⅛	
12000	SteinbrgA	$31¼	30¼	30⅛	+ ¼
25039	Videotron	$11¼	11	11	− ¼

Total Sales 5,733,517 shares.

OVER-THE-COUNTER
Nasdaq national market, 2pm prices July 7

Continued from page 39

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
RyanF		17	2251	5⅞	5⅞	5½	
− S − S −							
SCI Sys		16	224	13¾	13	13¾	
SEI	.05e	30	355	20¼	19⅞	19¾	− ¾
SFFed		4	114	12⅝	12¼	12½	
SHL Sy s			606	6⅞	6⅞	6⅞	
SKF AB	1.73e		97	50½	49⅞	50½	+ ⅞
Safecrd		6	2267	6¼	6⅛	6⅛	− ⅛
Safeco	1.08	7	933	26½	25⅛	25½	+ ⅞
SagHbr			1	14¾	14⅞	14¾	− ¼
Sahlen		19	213	2 9-16	2½	2 9-16	− 1-16
StJude		20	593	u37⅛	36¾	37⅛	+ ¼
StPaulB	.30		149	10⅞	10⅝	10⅞	+ ¼
SteelT s		21	219	17¾	17¾	17½	+ ¼
StewSty		6	164	20¾	20	20¾	+ ¼
Stwrld	.76	22	26	17	17	17	
Stratus		26	709	28½	28	28¾	
StrwbCl	1.10b	9	45	33	32⅞	33	+ ½
StrucDy		26	145	18½	19	18	− ¼
Stryker		28	66	23	22½	23	+ ½
Subaru			2093	6⅞	6 5-16	6½	
SuffFin	.18t		20	7⅛	7	7	− ¼
Sumgph		10	1449	13⅞	13⅛	13¾	+ ¼
Sumcrp	.40	11	152	22½	22⅞	22½	
SumitB	.72b	11	42	22¾	23½	22⅝	+ ⅛
SunGrd		23	57	19	18⅞	18½	− ¼
SunMic		27	5997	39¼	30	38¾	− 1
UnvSvg	.40	81	236	23¾	23½	22¾	+ ¼
− V − V −							
V Band	.1e	4	139	14¾	15¼	14⅛	+ ⅛
VLSI		48	2407	11	10⅞	10¾	+ ⅛
VM Sft		30	94	15¾	15⅛	15½	− ¼
VWR	.80	16	79	21½	21	21	− ¼
ValidLg		291	1351	5 13-16	6¼	6 13-16	+ 1-16
ValFSL		8	5	12½	12½	12½	
ValNtl	1.44		1833	29¾	28¾	29⅞	− ¼
Valmnt	.60	16	6	41	39½	28⅞	
VgrdCl			112	23¼	23	23¼	
VngSB	.10e	6	58	16⅛	10	19	− ¼
Varitrn		25	476	24½	24	24	− ⅛
Varlen	.60b	15	271	25¼	25	23¼	− ¼
Veronx s			112	6 1-16	4⅞	5 1-16	+ 3-16
Versa s	.20a	16	33	23¼	22¼	22¼	− ½
− X − Y − Z −							
XL Dt s		19	44	27½	27	27½	+ ⅞
XOMA			303	13	12⅛	12⅛	
X-Rite	.08	19	45	29	20	28½	+ ¼
Xicor		23	4727	16⅞	10¼	19¾	− ⅛
Xidex			3594	6⅛	6⅛	6⅛	+ ¼
Xylogic		6	36	16	9½	19	+ ½
Xyvn			101	7⅛	7	7⅛	− ¼
YlowF s	.62	16	487	28⅛	27⅞	27⅞	− ¼
ZionUt	1.44		34	23⅛	23	23¼	
Zondvn		34	75	9¼	9⅛	9⅛	− ⅛

CHIEF LONDON PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES

Blue Circle	458	+	14
Brent Walker	422	+	9
Chrysalis	143	+	8
Courtaulds	344	+	6
De La Rue	454	+	13
Greycoat	418	+	9
Jaguar	304	+	12
Legal & General	338	+	0
Micro Focus	168	+	21
Pearson	719	+	12
Redland	420	+	6
Tiphook	408	+	15
Virgin Group	116	+	17⅛

FALLS

Charter Cons.	381	−	16
Enterprise Oil	473	−	8
GUS A	£10¾	−	1/16
Hammerson A	520	−	7
ICI	£10¾	−	1/16
Lloyds Bank	303	−	16
LASMO	464	−	9
Morgan Grenfell	299	−	12
Priest, Marians	400	−	8
Speyhawk	338	−	7

TOKYO - Most Active Stocks
Thursday 7 July, 1988

	Stocks Traded	Closing Prices	Change on day
Toshiba	129.19m	971	-19
Nippon Steel	117.09m	653	-17
Mitsubishi Heavy Ind	104.05m	940	-10
Mitsubishi Electric	100.64m	936	-24
Ishikawajima-Harima	88.18m	1,050	8
Nissan Motor	87.32m	1,2100	+70
Kawasaki Steel	70.42m	725	-23
Hitachi	57.92m	1,600	0
Sanyo Electric	55.70m	785	+16
Mitsui Shipbuilding and Engineering	48.20m	590	-10

INDICES

NEW YORK — DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

2pm prices July 7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		— A — A — A —								
27⅝	14	AAR s	.36	1.4	22	144	25¾	26	26¼	− ⅛
12⅛	6¾	ACMIn	n1.19e	10.		169	11¾	11⅝	11¾	+ ⅛
13¼	10¾	ACMSc	n1.26	11.		155	11⅜	11¼	11¼	− ⅛
10¼	9½	ACMSp s				134	9⅝	9¼	9¼	
27¼	10½	AGS			22	407	20⅞	20⅛	20¼	
7⅝	5⅛	AMCA				102	4¼	4¼	4¼	− ⅛
8⅝	3¼	AM Intl				261	5¼	5	5⅛	− ⅛
29⅝	17	AM Int pf	2	9.9		536	20¼	20⅛	20⅛	− ⅛
65½	29¾	AMR			12	2736	40⅝	40	40⅛	− ⅝
11⅛	5¾	ARX			11	209	8¼	8¼	8¼	− ⅛
72⅞	40⅛	ASA	3	7.0		448	42¾	42½	42¾	− ⅛
25⅝	9⅛	AVX	.08e	.3	13	114	18½	18¾	15¾	− ⅛
66¼	40	AbtLab	1.20	2.7	16	4836	45¼	45	45¼	− ⅝
28	15⅝	Abitibi g	1			0	18½	18⅝	18½	
18¼	9½	AcmeC	.40	3.5		31	11⅝	11⅛	11⅛	− ⅝
10½	8⅝	AcmeE	.32b	4.5	29	11	7⅛	7	7⅛	+ ⅝
20	14⅛	AdaEx	2.23e	10.		422	10	18	10	
19¼	8⅞	AdamMl	.24	1.5	18	1	18½	15½	15½	
24⅞	7½	AMD				3573	18¼	13¾	18⅛	+ ⅝
58¼	29¾	AMD pf	6	7.1		51	42¾	42¾	42¾	− ¼
11⅝	4⅝	Adobe			12	15	7⅝	7½	7⅝	+ ⅛
20¼	16¾	Adob pf	1.84	10.		2	18	16	18	
18⅛	5⅝	Advest	.12	1.9	6	31	8⅝	6⅝	6⅛	− ⅛
64¾	39½	AetnLf	2.75	6.2	6	6665	45⅛	44⅛	44⅛	− ¼
41¼	20⅛	AfilPb s	.20	.7	47	290	28	27¾	27⅝	+ ⅝
23¾	13	Ahmans	.88	5.8	11	633	15⅞	15⅝	15¾	− ¼
4	1⅛	Aileen				55	3½	3⅛	3⅛	− ⅛
53¾	29	AirPrd	1.20	2.4	14	1129	50⅞	50⅛	50¼	− ⅝
33⅝	11⅛	AirbFrt	.60	3.2	28	47	18⅝	18⅝	19	+ ¼
18⅛	8¼	Airgas			19	59	18⅝	15¼	13⅛	− ¼
23	13½	Airlease	2.30	12.	10	30	19⅛	10	19	
27¼	24⅝	AlaP	pf2.09e	8.5		28	24½	d24½	24½	− ¼
0⅝	7⅝	AlaP	dpf.87	9.6		20	0¼	9⅛	9⅜	− ⅛
01⅛	76	AlaP pf	6.16	9.7		z2180	84½	82¾	04⅛	+ ⅞

Continued on Page 39

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7½	7¼	Savn pfA.50		11.		46	7¼	d 7	7	− ¼
		Savn pfD.10		14		4	7¼	7½	7½	
34½	26⅞	SCANA	2.40	7.5	10	60	32	31¾	32	
9¾	3⅛	Schlr	.31s	4.1		11	7½	7½	7½	− ⅛
67⅞	31¼	SchrPlg	1.40	2.7	18	1199	52¾	52¼	52⅞	− ⅞
51	26	Schlmb	1.20	3.5	19	6259	35	34⅞	34⅞	+ ¼
17	5¼	Schwb n			16	77	7¼	7¼	7¼	
20¼	8⅛	SciAtl	.12	.8	13	722	15½	15⅛	15⅜	+ ⅛
43½	27½	ScottP s	.74	1.8	12	1166	40⅝	39¾	40¼	− ⅜
15⅞	10	Scottys	.52	3.8	17	44	13⅝	13⅜	13⅝	+ ⅛
13	9¼	ScudNA	.07e	.7		64	10⅛	10⅛	10⅛	
20½	12	SeaCnt	.25e	1.0	4	23	26¼	24	24¾	
14¼	10½	SeaCt pf1.46		11.		26	10⅞	13¼	13⅝	+ ⅛
17½	13¼	SeaC pfC2.10		13.		22	16⅛	16⅛	16⅛	− ⅛
62⅞	46	Seagrm	1.20	2.1	9	777	56½	56	56⅛	
24⅛	12	Seagul				107	12⅝	12⅝	12⅝	
60⅜	28½	SealAir	.56	1.2	17	125	46½	46⅛	46⅜	− ⅛
59½	29¾	Sears	2	5.5	9	5906	36⅛	36	36⅛	
43⅞	29½	SecPac	1.96	5.3	149	716	37½	37	37¼	− ⅛
88⅛	40⅜	SequaA	.15e	.2	15	144	66	66½	65¾	− ⅜
91½	42¼	SequaB	.12e	.2	10	9	69⅛	69⅛	69⅛	− ⅛
113½	94	Sequa pf	5	5.4		6	93	93	93	−2
30⅜	16	SvceCp	.48	2.3	15	661	21	20	20½	− ½
14⅜	2¼	SvcRes				299	6⅞	6⅛	6⅞	+ ⅞
29⅞	20½	Svcmst n1.56e		5.8	14	89	27⅛	26¼	26¼	− ⅛
26¼	12⅛	Shaklee	.80	3.5	11	66	22⅝	22½	22⅝	
27	12⅞	Sharwin	.66	2.9	13	25	22¾	22⅝	22⅝	− ⅛
31	12½	ShLeltH	.75	3.7		294	20¾	20½	20½	− ¼
23⅞	11½	Shelby	.24	1.9	14	26	12⅞	12½	12⅞	+ ⅛
56⅛	37	ShellT	4.75e	6.6	9	445	72½	71⅛	72	+ ⅛
36⅛	20⅜	Shrwin	.64	2.3	15	313	27⅞	27	27½	− ⅛
10⅜	6⅛	Showbt	.28	3.1		17	9⅛	9	9⅛	
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
85	60	Xerox	3	5.5	10	2468	54⅞	54⅝	54¾	
60¼	48¼	Xerox pf4.13		8.5		60	48½	48⅜	48⅜	
36⅞	18⅛	XTRA	.64	2.1	16	6	31¼	31	31	− ⅛
56⅝	17½	Yorkln			16	686	55⅝	55⅛	55⅝	
7⅛	2¼	Zapata				81	2⅞	2¾	2⅞	− ⅛
37	13½	Zayre	.40	2.1	11	3627	19⅝	19¼	19½	− ⅛
18⅛	8¾	Zemex	.40	3.3	16	2	12¼	12¼	12¼	
35⅝	10	ZenithE				896	27⅛	26½	26⅞	− ⅛
10⅜	9⅛	Zenin n .06e		.6		66	9⅞	9⅞	9⅞	
10½	1	vjZenLb				310	1⅛	1⅛	1⅛	− ⅛
24	13½	Zentrl	.80b	3.4	11	9	23⅝	23⅜	23⅝	− ⅛
20⅝	11⅜	Zero	.48	2.5	15	26	16⅛	16⅛	16⅝	+ ⅛
30¾	15	Zurnin	.88	3.0	14	707	22⅝	22¼	22⅝	+ ⅛
11⅛	7⅞	Zweig	1.05e	9.5		261	11	10⅞	11	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

2pm prices July 7

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

Copyright by The Associated Press

OVER-THE-COUNTER

Nasdaq national market, 2pm prices July 7

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						

Continued on Page 37

AMERICA

Dow trims losses as US currency regains strength

Wall Street

A SHARP decline in the dollar yesterday took its toll on Wall Street bond and stock prices in early trading but all three markets recovered lost ground as the day progressed, *writes Roderick Oram in New York.*

The currency fell most sharply overnight in Tokyo as it began the long-expected but much-delayed correction to its near 8 per cent rise over the past three weeks.

Early yesterday in New York it was off more than Y1 at about Y132.25 from the previous night's close but foreign exchange traders saw the move as only a correction and not a fundamental shift in market opinion about the dollar. It had halved its losses by lunchtime.

Under pressure from the falling dollar and a further rise in commodities futures prices, US bond prices fell as much as ½ of a point, pushing the yield of the Treasury's benchmark 30-year bond back over 9 per cent for the first time in 10 days. But the strengthening dollar left bonds unchanged by early afternoon.

Similarly stocks, already weak because of profit-taking in the wake of Tuesday's post-crash high, succumbed to further selling pressure. The Dow Jones Industrial Average was off more than 20 points mid-morning but by 2pm had pulled back to register a loss of 12.63, at 2,117.53.

Blue chips bore the brunt of the selling while broader market indices held up better. Advancing stocks led those declining on the New York Stock Exchange by a ratio of nearly two-to-one. Among the blue chips AT&T was off $¼ at $26½, American Express fell $¼ to $27, Eastman Kodak lost $½ to $45, McDonald's gave up $½ to $45½, Philip Morris was off $¼ to $83¾ and Du Pont lost $¾ to $89⅝.

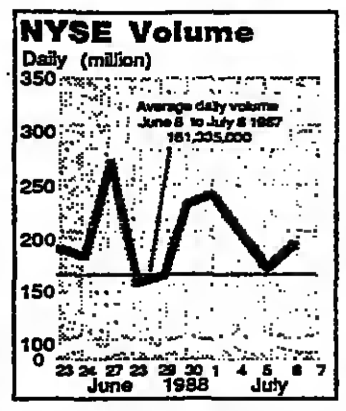
One of the worst casualties of the day was Apollo Computers, a high flying maker of workstations. It plunged $4⅜ to $10⅞ after it warned of a second quarter loss of between $5m and $8m because of disappointing sales and problems in its West German subsidiary. The company, which earned $14m or 39 cents a share a year earlier, has been one of the fastest growing, most eagerly sought computer stocks.

Sun Microsystems, its main competitor in the hotly-contested workstation market, lost $1¼ to $38½. Most other computer makers gained on the day with IBM, for example, adding $¾ to $127¼.

Crude oil prices leapt by about 60 cents a barrel to $15.96 in early New York trading as market players scrambled to cover short positions. The market was thrown into turmoil after the fiery destruction of a Piper Field oil rig halted production in six North Sea fields. The possibility of a strike in the Norwegian sector of the North Sea was also a factor.

Union Texas Petroleum Holdings, which has a 20 per cent stake in Piper, fell $1⅛ to $10⅝ and Occidental, the rig's owner, lost $¾ to $26⅛.

Other oil stocks were unaffected by events. Exxon eased $⅛ to $44½, Mobil added $⅛ to $44, Texaco slipped $⅛ to $47½ and Chevron lost $⅛ to $47.



Bond markets were subdued yesterday as they waited for this morning's release of June employment figures. Some economists have been increasing in recent days their forecasts for new job creation, indicating continuing strength in the economy.

An increase in employment of between 200,000 and 250,000 is widely expected, something which would push down the unemployment rate by 0.1 or 0.2 of a percentage point.

Griggs and Santow, a leading company of money market economists, believes the data will be strong enough to cause the Federal Reserve to nudge its target range for the Fed Funds rate to 7⅝-7⅞ per cent, causing a further firming of interest rates.

Canada

BASE metals and industrials led a general decline, leaving Toronto share prices lower in moderate trading at midsession.

The composite index, which had gained about 5 points in earlier trading, lost 8.70 to 3,446.30 as declines outnumbered advances by 296 to 288 on turnover of 12.2m shares.

In most actives, Dome Petroleum slipped 1 cent to C$1.35, Nova Corp lost C$⅛ to C$14⅛ and International Thomson declined C$⅛ to C$14.

Among base metals, Alcan fell C$⅛ to 38⅞, Inco lost C$⅛ to C$41⅞ and Falconbridge slipped C$⅛ to C$27.

Flagging Milan comes to life after hours

THE MILAN bourse has been a lacklustre performer not only for most of this year, but since the middle of 1986.

The great boom that saw the main share index jump by 153 per cent between January 1985 and May 1986 is now a mere memory of capital gains gone by. Since the start of 1988, for example, the MIB index has risen by a modest 6 per cent.

Milan, because of its clubby nature, is very much an insider's market. No law yet exists against insider trading; so that while Milan may be the fourth biggest stock market in Europe in terms of total capitalisation of L149,800bn ($110bn), there are many who consider it a contender for the "number one" slot when it comes to insider dealing. In addition, only about 25 per cent of the market's capitalisation is freely tradeable.

Something like 75 per cent of all share transactions take place away from the official market and the figure is even higher when it comes to the market's rather thin bond business. A recent attempt to establish a secondary market in Treasury bills has received a distinctly tepid response.

The bourse operates from 10 am until about 2 pm by means of open call for each share. This rather inefficient system is due to be replaced with continuous trading next year. Most of the real action takes place on the telephone in after-hours trading among a small handful of big banks, insurance companies and industrial groups. In recent months the most significant trading has occurred when companies have bought their own shares to support the price.

The Italian stock market authority, Consob, is chaired by Mr Franco Piga, a Christian Democrat who was elected to the Senate last year and then stood down and returned to Consob after failing to obtain a cabinet post.

Consob was founded in 1974 but had to wait three years to get proper offices. It still has a modest-sized staff and virtually no real enforcement powers and is a weak and ineffectual authority when compared with the Securities and Exchange Commission in the US or even the Commission des Opérations de Bourse (COB) in France.

Small shareholders in Italy are generally given little importance and the behaviour of many Italian companies treats the individual investor to a roughshod manner. Draft legislation requiring public offers in certain cases has inspired some hope that small shareholders will get better treatment in the future.

Foreign investors were active players in Milan until 1986 and since then have been present only on an extremely selective basis. There are no restrictions on share ownership by foreigners but holdings must be declared when they reach 2 per cent.

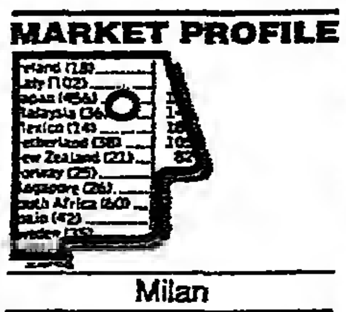
The serious delays in settlements over the 1985-1987 period have been eliminated for two reasons: the Monte Titoli share depository is improving, and there is less back-office paperwork because volume is now so much lower than it was a couple of years ago.

Italian banks are putting pressure on Milan's 130 registered stockbrokers, who currently dominate the market, and a compromise should allow new "mixed" companies to bring brokers and banks together in future.

A profile of Frankfurt appeared yesterday and the Australian market will be featured next Tuesday.

Alan Friedman

MARKET PROFILE



Milan

STOCK MARKET FACT CHART
MILAN

Market capitalisation: L149,800bn ($1 = L1,351, £1 = L2,314)
Number of shares listed: 346 (representing 229 companies)
Top 10 stocks, percentage of market: 41.3%
Trading hours: official — 10am-about 2pm, after hours — three to four hours
Average daily turnover, 1988: L159bn
Main indices: BCI (all shares), MIB (all shares, but updated only at start of year)
Level of index (BCI): 511.84; 1988 high: 546.07 (18/3); 1988 low: 433.91 (9/2)
Settlement: about six weeks

Address: Comitato Direttivo degli Agenti di Cambio, Via Pavillard, 1, Milano, Tel (02) 85341

EUROPE

Paris and Frankfurt unperturbed by selling

A PREDICTABLE bout of profit-taking in France and West Germany failed to diminish the bullish mood, but Wall Street's setback on Wednesday undermined other European bourses, *writes Our Markets Staff.*

PARIS saw some profit-taking after recent strong gains but the downward pressure was countered by continued strong demand for special situation stocks, and shares closed higher for the seventh consecutive session. The EFX 50 index rose 1.5 to 366.71.

LVMH rose FFr914 to FFr3,140, having reached a high for the year of FFr3,155. The stock has soared 26.6 per cent over the past week, on speculation about disagreements between the founding families. Yesterday 299,800 shares changed hands and holding company Financière Agache was expected to confirm today that it has acquired a 5 per cent stake.

Analysts believe Agache chairman Mr Bernard Arnault is interested in bringing together his Christian Dior fashion house and LVMH's Christian Dior perfume.

Speculation about a management buy-out at, or an acquisition by, Moulinex continued, and a heavy 346,200 were traded in the appliance maker, which eased 30 centimes to FFr116.30. Over the past week the share price has jumped 32 per cent.

Construction company Bouygues surged FFr47, or 5.2 per cent, to FFr953 on expectations of increased funds for public works projects. Food group BSN lost FFr23 to FFr4,924 after the previous day's news of its £199m purchase of two sauce companies from Hanson of the UK.

FRANKFURT also suffered a slight correction which affected leading blue chips most but was widely seen as necessary after the market's 3 per cent advance earlier this week.

The FAZ index ended 2.25 lower at 492.92 and the new DAX index of 30 blue chips lost 11.4 to 1,188.5. Turnover eased back from Wednesday's healthy DM5.5bn worth of West German shares to DM3.85bn yesterday.

"It's just profit-taking on the way up," said one analyst, adding that demand was still strong and fears that the firmer dollar could lead to imported inflation had been discarded for the time being.

He said the bulk of recent foreign buying seemed to be coming from Switzerland, the US and Japan. US funds were reported to be moving out of Japanese stocks and into European markets — in particular France, West Germany and Scandinavia. UK institutions were also buying West German shares, but more cautiously.

Yesterday saw some switching from major to second-line stocks, with popular insurer Allianz losing DM35 to DM1,505, for example, while Aachener und Münchener gained DM17 to DM840.

Among the other leaders, Deutsche Bank was down DM4.50 at DM479.50 and Daimler lost DM4.50 to DM698.50. Siemens fell DM4.50 to DM423.60 as investors awaited possible news on its eight-month figures and a rumoured capital increase at a press conference scheduled in Madrid tomorrow.

News from BMW's annual meeting that it expects a good year after an 18 per cent rise in turnover in the first half failed to boost the share, which shed DM3.50 to DM531.50.

London

THE weak overnight performance on Wall Street and uncertain currency scene hit international stocks, with Glaxo, ICI and Hanson all losing ground.

Concern over interest rates also knocked sentiment and the FT-SE 100 index lost 14.5 to 1,855.5 with 469.3m shares traded.

Bonds lost between 15 pfg and 30 pfg in line with weaker US credit markets, and the yield on the 6¼ per cent 1998 federal bond rose to 6.63 per cent from 6.60 per cent on Wednesday.

AMSTERDAM followed Wall Street lower in early trading, disheartened by the softer dollar, but afternoon buying support — some from the US and the UK — left shares little changed on the day, with the CBS trend index easing 0.3 to 94.8.

The market took some encouragement from news that Fokker had received a large order for its 100 model, and the stock rose Fl 3 to Fl 26.80. Office equipment company Oce van der Grinten's announcement of a 5 per cent fall in interim profits — better than some forecasts — led to a Fl 4 gain to Fl 241.

Nedlloyd lost Fl 4.20 to Fl 242 after the Dutch public prosecutor's office said it was summoning the transport company to Amsterdam's commercial court over a disputed extraordinary depreciation and a reorganisation provision.

ZURICH was also hit by the overnight drop in New York and finished lower in moderate trading, with the Crédit Suisse index falling 2.3 to 472.4.

Crédit Suisse bearers lost SFr20 to SFr2,520. Stock was flowing back into the market from the bank's recent share issue in Japan, and the lack of demand was hitting the price, one analyst said.

MILAN eased in lacklustre trading, with volume estimated at slightly less than Wednesday's L130bn. The BCI index finished 1.43 lower at 511.84.

Iniziativa Meta, the Montedison subsidiary, lost L190 to L10,210 after a press report denied by the Ferruzzi group — that the planned merger of Meta into the group was being delayed.

Engineering stocks have attracted interest recently on good prospects for the capital goods sector, and yesterday Gilardini, part of the Fiat group, gained L770 to L13,050.

STOCKHOLM ended the day up in lively trading, after a slow start precipitated by declines on Wall Street.

Volvo lost SKr3 to SKr335, Electrolux gained SKr2 to SKr245 and Ericsson advanced SKr1 to SKr249.

BRUSSELS also suffered from Wall Street's early losses, and stocks closed generally a little lower in weak trade.

However, companies connected to Société Générale de Belgique posted gains.

ASIA

Nikkei makes up ground after early jitters over yen

Tokyo

THE YEN'S wild fluctuations after a rally against the dollar led to profit-taking in Tokyo yesterday, with selling focusing on big-capital and high-technology stocks, *writes Shigeo Nishiwaki of Jiji Press.*

However, buying of automobile, drug and consumer-related stocks helped the Nikkei average post a gain of 38.47, closing at 27,728.13 after having been down 132 at one stage.

The index touched a low of 27,634.58 in the afternoon after reaching a high of 27,817.34 in the morning. Trading shrank from Wednesday's 2.82bn shares to 1.58bn and declines led gains by 517 to 370, with 176 issues unchanged. In London, Japanese shares lost ground, with the new ISE/Nikkei 50 index falling 6.15 to 1,759.05 from the close in Tokyo.

Buying interest in Tokyo was *dampened by the yen's fluctuations against the dollar, which moved between Y131.65 and Y132.98 in Tokyo, and by the drop on Wall Street.* Giant-capital stocks and high-tech issues, which are expected to lead the market for the time being, thus eased on profit-taking.

Heavy electricals remained active, but their prices fell as the yen advanced. Toshiba, the busiest issue with 129.2m shares traded, rose Y10 to reach Y1,000 for the first time but fell back later to Y971, off Y19.

Among high-tech stocks, Fujitsu lost Y30 to Y1,650 and Sharp Y20 to Y1,280. But Sanyo Electric's low price fuelled demand and it added Y16 to Y786.

Big-capital stocks faced mixed sentiments, resulting in rapid changes in prices. Nippon Steel, second busiest with 117.1m shares, fluctuated between Y650 and Y670 before finishing at Y653, down Y17.

Bond prices firmed in active trading thanks to the second consecutive daily decline in short-term interest rates and the yen's gain. But most dealers, unsure if the Japanese currency would keep firming against the dollar, bought and sold bonds in rapid succession as the yen rate moved up and down.

The yield on the benchmark 5.0 per cent government bond due in December 1997 closed at 4.880 per cent compared with Wednesday's 4.975 per cent, after moving within a range of 4.860 to 4.920 per cent.

Leading issues attracted little market attention in Osaka but investors continued to buy into companies based in the Kansai region of western Japan. The OSE average rose 47.55 to 27,818.98 on volume totalling 180m shares, down 42.1m.

Hong Kong

STRONG demand from overseas institutions helped take share prices to another post-crash high, with the Hang Seng index climbing 22.12 to 2,759.63.

The steady US dollar boosted buying and turnover rose to HK$1.35bn from HK$1.18bn.

Property group Cheung Kong led the surge, adding 15 cents to HK$8.15. Its Hutchison subsidiary gained 20 cents to HK$9.45.

Dickson rose 5 cents to HK$7.05, later announcing a final dividend of 13 cents plus 5 cents special dividend and proposing a one-for-five bonus issue.

Australia

FIRMER commodity prices encouraged buying after a weak market opening, and equities finished higher. The All Ordinaries index gained 10.1 to 1,599.5.

BHP saw the most trade, easing 2 cents to A$7.98 amid speculation that Bell Resources was further selling down its stake.

Singapore

NERVOUS selling and bouts of profit-taking followed the falls in New York and Tokyo, with the suspension of five Supreme Court judges in Malaysia continuing to depress sentiment.

The Straits Times industrial index fell 12.50 to 1,079.42, with Malaysian stocks the hardest hit. Activity centred on speculative stocks and low-priced issues, and Promet was the most active issue, falling 1¼ cents to 44 cents, with 3.6m shares traded.

SOUTH AFRICA

A WEAK financial rand and slightly higher bullion price led to a strong rise in gold stocks.

Randfontein and Beatrix, adding 25 cents to R300 and 75 cents to R14 respectively, were pointers for the market.

In diamonds, De Beers gained 70 cents to R40.90 after announcing a 41 per cent sales increase for the half-year. Impala Platinum rose R1 to R30, and Anglos added R1.75 at R56.50.

FT — ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 6 1988					TUESDAY JULY 5 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (89)	143.39	+2.3	124.14	119.69	3.72	140.14	121.75	118.17	150.35	91.16	140.80
Austria (16)	86.72	+0.4	75.07	82.09	2.53	86.38	75.04	81.80	98.18	83.72	86.24
Belgium (63)	119.43	+0.2	103.40	113.10	4.46	119.21	103.57	113.03	139.89	99.14	126.30
Canada (129)	128.22	+0.2	111.01	112.07	3.00	127.99	111.20	112.47	128.91	107.06	136.49
Denmark (39)	131.35	+0.4	113.72	123.58	2.35	130.85	113.68	123.06	132.72	111.42	115.74
Finland (26)	128.62	+0.3	111.35	117.21	1.47	128.28	111.45	117.14	139.53	106.78	—
France (130)	98.81	+1.3	85.54	95.01	3.40	97.55	84.75	94.00	99.62	72.77	110.75
West Germany (100)	78.32	+1.6	67.80	74.19	2.50	77.11	66.99	73.10	80.79	67.78	96.78
Hong Kong (46)	110.14	+2.4	95.36	110.53	4.14	107.54	93.43	107.94	110.14	84.90	128.88
Ireland (18)	137.03	+1.1	118.63	131.04	3.62	135.61	117.81	129.76	141.54	104.60	135.36
Italy (102)	71.63	+0.6	62.01	72.27	2.78	71.22	61.88	71.97	81.74	62.99	94.93
Japan (456)	161.68	+1.3	139.97	136.54	0.52	159.60	138.66	135.39	177.27	133.61	130.74
Malaysia (36)	148.87	−1.3	128.88	150.25	2.45	150.81	131.02	152.44	153.14	107.83	176.68
Mexico (13)	167.18	+0.7	144.73	417.66	1.30	165.94	144.17	414.57	180.07	90.07	274.94
Netherland (38)	105.81	+1.1	91.60	99.10	4.67	104.62	90.90	98.15	110.66	95.23	125.84
New Zealand (21)	77.57	+1.7	67.15	60.38	5.91	76.25	66.24	59.96	84.05	64.42	100.22
Norway (25)	122.08	+1.1	105.69	110.03	2.74	120.70	104.87	109.24	132.23	98.55	143.03
Singapore (26)	123.57	+0.0	106.98	116.77	2.21	123.54	107.33	116.91	125.56	97.99	153.53
South Africa (60)	123.69	+3.0	107.08	93.24	4.71	120.11	104.35	92.12	139.07	118.10	165.48
Spain (43)	151.18	+0.0	130.88	138.87	3.18	151.12	131.29	138.93	164.47	130.73	124.66
Sweden (35)	118.45	+1.1	102.55	110.16	2.59	117.21	101.83	109.23	125.50	96.92	117.00
Switzerland (55)	81.36	+1.5	70.44	76.29	2.24	80.18	69.66	75.38	86.75	75.60	97.87
United Kingdom (326)	133.30	+1.1	115.40	115.40	4.31	131.82	114.52	114.52	141.18	123.09	155.47
USA (584)	110.98	−1.3	96.08	110.98	3.52	112.47	97.71	112.47	112.47	99.19	125.82
Europe (1016)	107.61	+1.1	93.16	98.11	3.66	106.45	92.49	97.28	110.82	97.01	124.67
Pacific Basin (674)	158.84	+1.4	137.51	134.63	0.72	156.72	136.16	133.45	172.26	130.81	130.99
Euro-Pacific (1690)	138.38	+1.3	119.80	120.04	1.65	136.65	118.72	119.00	147.53	120.36	128.51
North America (713)	111.90	−1.2	96.88	111.06	3.49	113.29	98.43	112.49	113.29	99.78	126.39
Europe Ex. UK (690)	91.61	+1.1	79.32	87.36	3.10	90.66	78.76	86.57	92.99	80.27	105.54
Pacific Ex. Japan (218)	124.60	+2.1	107.87	110.79	3.86	122.04	106.03	109.22	128.15	87.51	134.08
World Ex. US (1892)	137.91	+1.2	119.40	119.64	1.72	136.21	118.34	118.65	146.49	120.26	129.29
World Ex. UK (2150)	126.90	+0.3	109.86	116.73	2.11	126.51	109.91	116.68	131.77	111.77	125.21
World Ex. So. Af. (2416)	127.47	+0.4	110.36	116.76	2.30	127.00	110.34	116.64	132.39	113.26	127.66
World Ex. Japan (2020)	111.06	−0.3	96.15	106.56	3.58	111.34	96.73	106.99	112.43	100.00	126.57
The World Index (2476)	127.45	+0.4	110.34	116.60	2.32	126.96	110.30	116.47	132.38	113.37	127.90

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.